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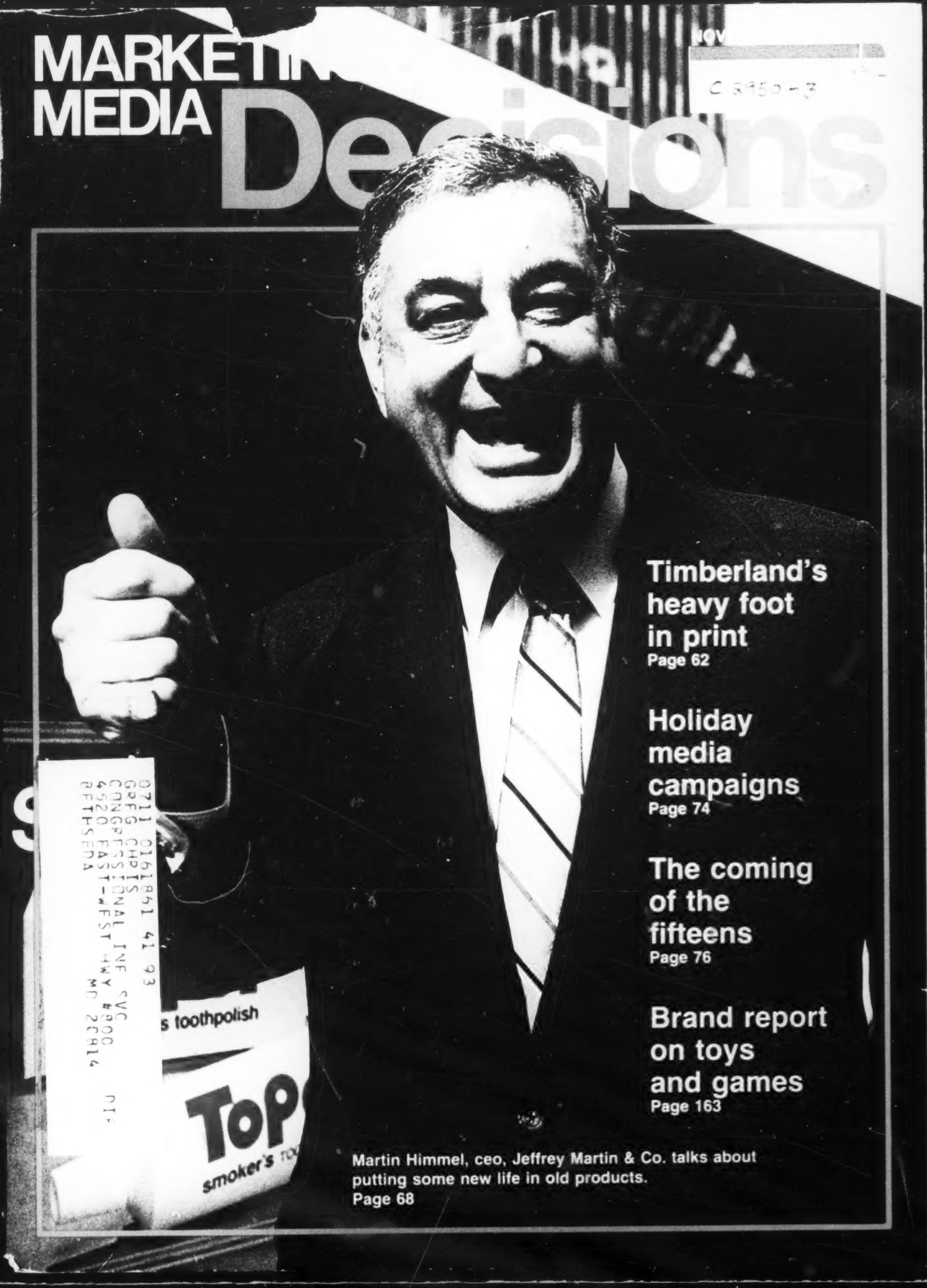

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accurate possible selection of a very special consumer audience."

Applevision produces half-hour programs using a newscast format that allows for natural breaks for commercials. Segments on restaurants and theaters are included.

Cable/telephone charges fly

Cable is no threat to the telephone companies in terms of revenue, says Tom Wheeler, president of the National Cable Television Association. Wheeler contends that if the phone companies win their battle in Congress to crimp cable's ability to deliver information that the consumer "will be the loser."

A NCTA white paper contends that phone companies have claimed falsely that local phone rates will escalate if cable provides data transmission services. According to the white paper, "Barely 1.1% of the Bell System's revenues are derived from data transmission.

"Even if cable took over the telephone company's entire data transmission market (an unlikely occurrence — cable carries less than two tenths of one percent of data transmissions) the effect on consumer phone rates would be virtually nill.

"The threat to raise local phone rates is a smoke screen by the telephone companies to hide their real motive — to stifle cable and other technologies which offer consumers a choice of services."

The Senate, earlier this year, adopted the Cable Telecommunications Act, which rejects the phone companies' position. It allows state PUC's to require cable companies offering data transmission services to fine informational tariffs and, when competition for data transmission services develops in a given market, the states are instructed to deregulate the telephone companies. The House Commerce Committee is to consider a cable bill this fall.

Cable Subscriptions

Company	Basic Subs	Market Share
Tele-Communications, Inc.	2,275,000 (PKA est.)	7.7%
Time Inc. (ATC)	2,248,500	7.6
Westinghouse (Group W)	1,911,300	6.4
Cox Cable	1,371,000	4.6
Warner Amex	1,340,000	4.5
Storer	1,279,000	4.3
Times Mirror	844,600	2.8
Rogers/Rogers UA	768,700	2.6
Newhouse	736,600	2.5
Continental	679,000	2.3

Who's got the cable subscribers?

A list of the top 50 MSO's has been compiled by *Cable TV Investor*, and it shows that the top 50 hold 75% of the nation's 29.7 million cable subscribers. The Paul Kagan newsletter also shows that the top 10 operators account for almost half the total subscribers, 13.5 million, or 45%.

The top 25 MSO's hold a 63% market share. By comparison, two years ago, the top 25 held a 58% share, so its a case of the big getting bigger. The biggest system operator of the lot is Tele-Communications, Inc. with 2,275,000 subscribers. Above is a list of the top 10.

TeleFrance says au revoir

TeleFrance-USA has ended its French language cable feed in the U.S., ending seven years of service that started in New York City. The decision was made after it was discovered that cuts in service were impending.

Jean Vallier, ceo, program director, TeleFrance, announced the decision was motivated by financial difficulties, due to lack of sufficient advertising revenues. Although efforts were made in the previous two months to secure additional support for the culturally oriented French program, mostly from the French government, these efforts failed to produce results. TeleFrance programing was carried nationwide via satellite by the Satellite Program Network, in primetime.

Pay tv revenues estimated

By 1993, the U.S. cable tv population is expected to reach 60% of all households, according to projections from cable analyst Paul Kagan. He estimates the number of cable homes then will stand at 60 million as compared with 100 million tv homes.

By that time, Kagan estimates there could be as many as 104 million pay-cable subscriptions being sold to viewers for such services as Home Box Office, Showtime, The Movie Channel, and The Playboy Channel.

Combined revenue from all sources, according to Kagan, may approach $32 billion, compared to $6 billion in 1983.

Looking ahead 10 years, Kagan foresees the average cable subscriber putting as much as $34 a month into pay services. But, he adds, for that investment, the subscriber will receive triple the number of program services.

"Cable tv prices don't keep pace with inflation. But by selling more services to more subscribers, the cable operator can still profit."

FUTURES

(from 52)

Convention Center, includes room for seminars and demonstrations.

Manufacturers pay $5 per square foot, which will be fed into the $1.2 million ad budget for the first year. According to Alan Chernoff, vp, marketing for the center, media is a tricky proposition.

Targeting will be both horizontal — to New York city residents and visitors — and vertical — to specific seminar attendees. Advertising will be primarily print, using trade publications and consumers print — like *Business Week* and the *Wall Street Journal* to reach professionals within their own publications.

"An important part of the marketing strategy," Chernoff notes, "will be the on-going seminars, co-sponsored by New York University and CW Communications." Promotion for the seminars will be on a direct-mail basis.

Costs will vary with the costs of different trade books, he says, adding that the strategy will remain the same for each professional category targeted.

"We are trying to be end-user oriented," he concludes, comparing the efficiency of the center with the price competition and equipment form of competition the industry has favored until now.

Positive outlook for international markets

As the U.S. economy gathers steam, effects of the recovery have already been felt abroad, according to an analysis by Predicasts, the Cleveland-based research firm.

T. Kevin Swift, the firm's chief economist, finds that Canada, South Africa, Japan and Singapore all show signs of U.S. prompted growth. These are countries with which the U.S. has a significant trade volume. The developing countries, on the other hand, which include the Africa-Mideast region, Latin America, Asia and Oceania, have not fared as well. Problems in these areas are attributed to the infrastructure, poor socio-economic climates and high debt service requirements.

Despite this imbalance, the research firm finds signs of overall growth for the late 1980's and 1990's. Growth in the developing nations will hinge on trade in raw materials, manufactured goods and services, according to Swift. Prospects for growth will be hampered by socio-political unrest, stimulated by an increasing labor force the world labor market will be increasingly unable to absorb.

Consumer spending will be a factor of greater leisure time, an aging population and saturated durable goods markets. This will lead to an increased expenditure on services, which is unlikely to affect the developing nations.

World economic outlook by country and region

(billion 1975 dollars)

				% Annual Growth	
ITEM	1982	1987	1995	82/87	87/95
Gross World Product	**7715.3**	**9103.0**	**12140.0**	3.4	3.7
North America	**1999.2**	**2424.0**	**3185.0**	3.9	3.5
United States	1811.9	2195.0	2875.0	3.9	3.4
Canada	187.3	230.0	310.0	4.2	3.8
Latin America	**485.6**	**567.5**	**811.1**	3.2	4.6
Brazil	176.0	210.0	310.0	3.6	5.0
Other Latin America	309.6	357.5	501.1	2.9	4.3
European Community	**1623.7**	**1840.9**	**2315.9**	2.5	2.9
France	404.9	450.0	570.0	2.1	3.0
Italy	230.2	267.0	345.0	3.0	3.3
United Kingdom	248.7	280.0	345.0	2.4	2.6
West Germany	490.8	560.0	695.0	2.7	2.7
Other European Community	249.1	283.9	360.9	2.6	3.0
Non-EC Western Europe	389.5	437.3	570.0	2.3	3.4
Eastern Europe	**1305.8**	**1505.0**	**1956.0**	2.9	3.3
USSR	932.9	1070.0	1375.0	2.8	3.2
Other Eastern Europe	372.9	435.0	581.0	3.1	3.7
Africa/Mideast	479.5	572.5	806.5	3.6	4.4
Asia	**1310.7**	**1618.8**	**2317.5**	4.3	4.6
China	263.6	350.0	560.0	5.8	6.1
Japan	673.6	805.0	1085.0	3.6	3.8
Other Asia	373.5	463.8	672.5	4.4	4.8
Oceania	121.3	136.0	178.0	2.3	3.4

Source: Predicasts, Inc.; Cleveland, Ohio

983

FUTURES

(from 54)

Verification made easy

Agencies and clients have longed for iron-clad verification of television and radio commercials for as long as electronics have been around. The answer to their prayers may be on the horizon, in the shape of an electronic system pioneered by Audicom Corporation.

Robert P. Engelke, president Audicom Corporation.

Though there is a residue of skepticism from industry observers that have seen "verification" systems come and go over the past decade.

Based on a concept originally offered in 1968, the 1983 version uses audio signals imperceptible to the human ear to monitor stations for encoded commercials, automatically reporting data to a central computer. According to the company's president and founder, Robert P. Engelke, the system offers positive proof of performance. Any material to be aired can be verified without involving estimators.

Engelke, a media specialist with experience at Ted Bates, Jack Tinker & Partners, and Wells, Rich, Greene, pointed to the applications of the system in the broadcast industry during a speech made at the introduction.

Not only will the billing process be accelerated, but make-goods and missed commercials will be routinely handled.

The Audicom system will also have application for checking on the use of any copyrighted material that airs — record or tape piracy, and computer fraud.

Engelke's announcement of the product's introduction coincided with his application to the Federal Communications Commission for authorization to put the system to use on the air waves. Tests have already been done with the device, over tv network land and satellite, local tv and FM radio. He said he expected the system to be introduced in its first market, New York, within the next six months.

The dawning of the age of robots

A recently released survey, the Merit Report, found that most members of business and industry favor increased use of automation, though they feel it will worsen the employment situation.

More men than women (62% to 48%) favored automation. Overall, 55% of respondents favored the advanced technology, while 28% opposed it. Technology received a more positive response among the young (63% in the 18-34 group; 47% in 50+) and among the affluent (66% for incomes of +$125,000, as opposed to 52% in the $15,000 range).

On related subjects, concern over job losses shows a high correlation by groups with the response on automation. Women were more likely to link technological advances with job losses (48% vs. 40%), as were the older participants (48% vs. 38%) and the less affluent (52% vs. 38%).

The survey was conducted in the third week of September, among 1,205 adults interviewed over the telephone, and was sponsored by Merit cigarettes.

American Demographics, the Ithaca-based publication, has recently released its predictions on the anticipated changes in Congress, based on projections of state population growth figures. The data took as base figures recently released by the United States Census Bureau.

According to American Demographics, New York will lose five Congressional seats, and Texas and Florida will each gain four by 1990.

California and Arizona are both expected to gain. Arkansas, Colorado, Georgia, Oregon, Utah and Washington are to lose one seat each. The shift in population will mean that the Sunbelt constituency will dominate the country, according to Bryant Robey, editor of the publication.

Congressional Seats by Region: 1980 and 1990

	1980	Projected for 1990*
Northeast	95	84
North Central	113	105
South	142	152
West	85	94

* by American Demographics, based on Census Bureau population projections.

International Resource Development, the Norwalk based market research firm, released a study predicting that American Telephone & Telegraph will introduce a microcomputer system within the next six months.

Combining longer word length architecture with software based on Bell Laboratories' Unix operating system, the AT&T system is expected to rival — and even "upstage" — the IBM PC. The report said the system will have to be able to use software developed for the IBM PC, "In order to successfully enter the microcomputer market at this relatively late stage."

In the past, the study reports, AT&T's software was hampered by the absence of general white collar productivity improving tools. The projected system will focus on increasing productivity of specific work sectors such as writing or computer programing. This discipline-specific focus will differentiate the system from others.

The ABC's of videotex/teletext

How many industry practitioners truly understand the new electronic media — NEM for short? Two of the more prevalent forms getting underway are videotex and teletext. Just what are they? What is the difference between the two? What companies are underwriting either form? When will they be viable advertising media?

Introduction

The New Electronic Media represents one of the major industries of the future and it is growing at an explosive rate. Electronic media forms such as cable, videotex, teletext and home information systems all compete for market share and potential revenue. Competition is intense among suppliers of delivery systems, such as AT&T and IBM, for revenue generated by the use of their equipment. Creators of marketing and financial programs for new electronic media, such as CBS and Time, Inc., also compete for that market share — but from a different perspective.

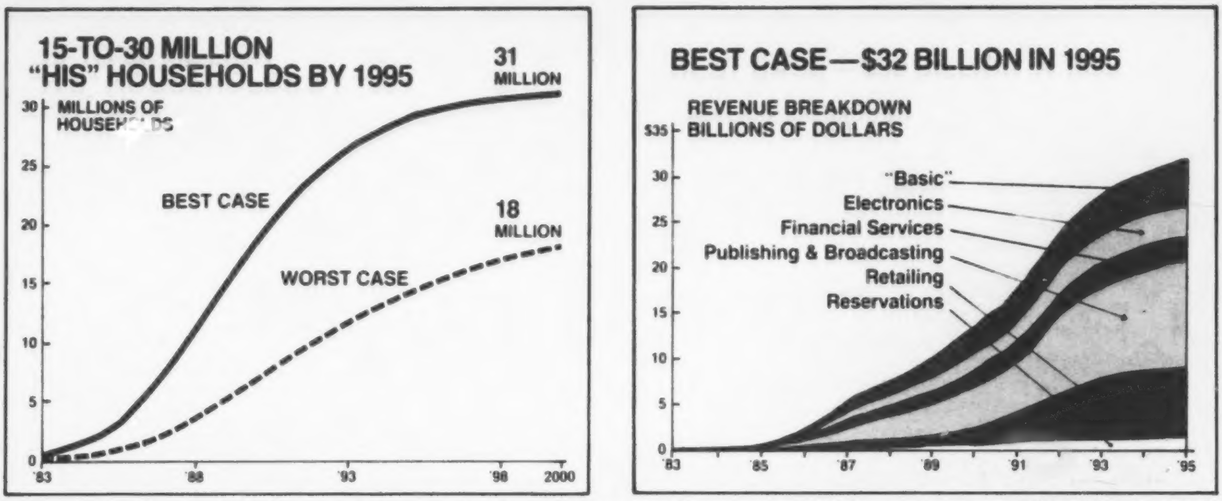
However, advertisers and their agencies have taken a more cautious approach. Faced with a variety of advertising vehicles, they are reluctant to commit to the new electronic media as a forum for their products. There are a few reasons for this hesitation. The first is that while the technology is here, the marketplace is not. There is confusion about — and varying forecasts of — the market and revenue potential. Second, basic questions arise such as:

- Does the consumer really want information in an electronic format?
- How will the services be priced?
- Will the consumers be willing to pay those fees?

The fourth, and most critical question for the advertising community, is what is the advertising effectiveness? Thus, advertisers remain only occasional participants in experiments.

This series will address two of the new electronic media vehicles — videotex and teletext. It will define what they are. It will describe how they work. It will list the major corporations involved in tests and describe their strategic reasons for that involvement. The tests that have been conducted or are planned for the near future, their advertising potential as media choices, and the systems available for measuring their effectiveness, and other areas that will be developed by practitioners in these media.

Vivienne Vilardi has had a broad range of assignments in the marketing, sales and planning of telecommunications, cable and video applications, including home banking, home shopping, product advertising and direct response programs. As a consultant for Simmons Market Research Bureau, she developed sales strategies and targeted markets for a new database information product with eventual links to home/corporate information systems. While at Young and Rubicam, Inc. as project director for Venture One, she managed the first phase, coordinating all aspects for Young & Rubicam, Inc. and clients General Foods and Johnson & Johnson. She is currently director of Planning & Business Development for Pollio Dairy Products and is teaching a course on Videotex and cable applications at the New School in New York City.



How many homes will be receiving and using electronically generated information by 1995? Chart at left shows high and low probabilities. Chart at right shows revenue breakdown for best case scenario.

Videotex and Teletext: What they are and how they work

Videotex and teletext represent two different methods of communicating information.

Videotex generally refers to computer services that display textual and graphic information on remotely located video screens, usually personal computers or specially adapted television sets. These terminals are linked to a central host computer, which stores the information, by a telephone acting as a modem. This device converts the analog signals transmitted by telephone lines into digital signals that can be read by the videotex terminal.

Another method of receiving videotex services is by a cable network. A decoder box that sends and receives videotex signals can be built into a television set during its manufacture. Or, it can be attached to the outside of the television set and connected to the antenna terminals. Videotex can be carried over optical fiber and also transmitted by satellite.

Because the technology allows the consumer to both receive from and send information to the central host computer, videotex is considered a two-way or interactive system.

How does videotex work? The consumer can access the information or services in two ways, either by a "tree structure" or a keywork technique using a numeric keypad or a keyboard. The tree structure includes a broad subject index page or main menu frame similar to a table of contents. From this main menu, a consumer can narrow down his choice from a list of selections by pressing the designated key on the keyboard. Thus, the user can move directly to certain locations in the tree structure and immediately receive or send information.

Teletext information, sometimes referred to as broadcast videotex, is an over-the-air electronic broadcast product displaying text and graphics on demand. Teletext is transmitted over the vertical blanking signal (the black bar visible on a television screen when the tv image begins rolling up and down). There are 525 lines in the tv signal, line 1 through 21 constituting VBI. Information to be broadcast is digitally encoded at a central point and transmitted to a diffuser at a tv station. This acts as a storage device for over 100 pages of information. A multiplexer inserts all the information into the VBI of the station's broadcast and simultaneously transmits it with the broadcasts. The viewer uses a special decoder with a keypad selecting the desired information by pressing the page number. Teletext can also be transmitted by cable television or sent on a subcarrier of an FM or television broadcast signal.

While this form of data transmission is one-way, there is a hybrid system that allows for two-way communication. It consists of a one-way broadcast signal to a teletext receiver with return communications through a telephone. In that instance, the teletext decoder functions as an interactive videotex terminal by sending information back to the host computer over phone lines.

Videotex and Teletext: The players

Many companies from various industries are spending millions of dollars to develop videotex and teletext services. While most aim these services at the home user, until recently, they had not been able to determine whether or not there would be a sufficient market for such services. In a study conducted by Booz-Allen for 28 companies interested in determining market potential, the management consulting firm predicts that there will be a healthy videotex market. The study estimated that by the mid-1990's, 30 million households will have home information systems, making it a $30 billion industry in annual revenues for banks, retailers, advertisers and ad agencies.

Michael J. McLaughlin, the vice president at Booz-Allen who headed the Home Information Systems study, divided that figure into the approximate categories:

- $8-10 billion in advertising revenues;
- $8 billion in retailing;
- $6-8 billion in electronics;
- $2.5 billion in revenue for home banking;
- $1 billion in telecommunications revenue.

"These projections depend on a fairly complex equation of penetration

Continued on page 112

One of the more unique, in my opinion, is the bus stop shelter. Besides offering advertising exposures on major surface arteries, the same structure performs the dual purpose of providing shelter from the rain, sun and wind to waiting bus riders or anyone else in search of cover. It also provides a modicum of nocturnal security for the evening rider by virtue of its welcome illumination. Indeed, if it weren't for the humanitarian benefits there would be no medium at all.

Shelters were introduced in the United States in the mid-70's with Manhattan as the starting point. This was an excellent place to start, and Manhattan will always be the ideal market because of the throngs of pedestrians which swell the normally heavy vehicular audience to unusual heights. The medium experienced some early growing pains and was rather slow to expand. They did add markets such as Cleveland, Newark, Westchester and Louisville, but there was still no semblance of national coverage.

And adding markets always requires the blessing of the city fathers and accord by the majority of the city council. While, on the surface, it may seem like a welcome addition to any market, there can be, and often are, delays due to the vagaries of politics. But despite these hurdles the medium has slowly grown to the point where it now offers availabilities in approximately 25 major markets.

THIS BUD'S FOR YOU!

In addition to the aforementioned markets, the medium is now also available in Minneapolis, Miami/Miami Beach, St. Louis, Buffalo, Cincinnati, New Orleans, Chicago Suburbs, Philadelphia, Providence, Oklahoma City, Tulsa, Nassau County, Ft. Wayne, Waterbury, Stamford, Norwalk, Hartford, Los Angeles and Orange County. We also understand that franchises have recently been granted in Cook County and Washington, D.C.

In total numbers there are some 3,500 shelters in the U.S. and about 3,400 in Canada where the medium has enjoyed considerable success. It has even gained a foothold south of the border where metal shelters are available now in Mexico City, Acapulco and Tijuana.

According to Connie Barry, of Transtop Minnesota, the greatest single year of growth was in 1981. Ms. Barry, who doubles as president of the Shelter Media Association, is enthusiastic about the strides which have been made since the Association was formed in August 1982. She refers to 1982-83 as years of organization . . . getting ready for the next surge of expansion.

Part of that organization was to engage the services of an audit organization, Out-Of-Home Measurement Bureau. Auditing practices were drawn up and actual auditing has commenced. At this writing, some nine markets have had audits with more yet to come. Results of the audits show that the medium offers potential exposures at a cpm that ranges between 25 and 71 cents. Average cpm for all markets audited is approximately 38 cents. This is a favorable figure and an important sales tool for the medium.

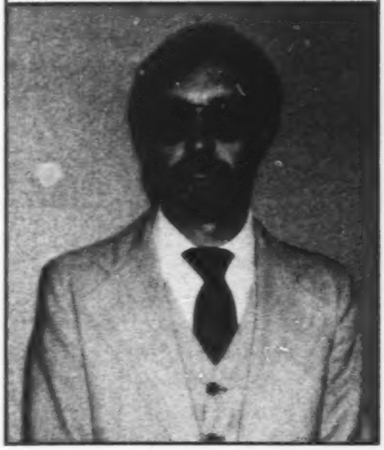
Another benefit that has come out of the Shelter Association is a study by Elliot Young's Perception Research which did a recall study on the streets of Philadelphia interviewing pedestrians one and a half blocks after they had passed a shelter advertisement. Twenty-one percent of the pedestrians remembered seeing the ad when asked; and thirty-seven percent remembered seeing the ad when reminded of the copy.

With the audits well under way and the stature that comes from acceptable research, all that remains is to sell the space. Toward that end, several of the Association members (16) have now hired the services of a national sales organization, Mutual Shelter Advertising, to represent them in New York City.

Sales have been good, but like any medium, it takes time. Perhaps the largest single advertising expenditure has been by Brown and Williamson for Kool cigarettes and for their Barclay brand. Among other national advertisers who have gotten their feet dry are Lorillard with Golden Lights and Kent III; Windsor Canadian; Gilbeys; Kentucky Tavern; Remy Martin; Budweiser and Coca Cola. *Penthouse*, *Playboy* and *Women's Day* along with *USA Today* and *The Wall Street Journal* are among the other media that advertise on shelters.

As the medium grows, it will undoubtedly become more attractive to a broader range of advertisers. Meantime, it looks like they've got their act together. If you're interested in further information, call Connie Barry at the Shelter Media Association in Minneapolis. ■

MAGAZINES
By TOM JOHNSON
associate media manager
Compton Advertising, Inc., Detroit



Magazine selection and lifestyle

The Jeep Cherokee and Wagoneer are the first brand-new Jeep products in 20 years. They enter the new truck segment of compact sport utilities currently occupied by the successful Ford

Bronco II and GM's S-10 Blazer and S-15 Jimmy. Compton-Detroit's approach to magazine planning for this category uses a unique formula based upon demographics and lifestyle to target in on potential buyers.

The most frequent assumption by people *not* in the truck marketing business is that a truck is a truck. Differences among a pickup, van or sport utility truck may seem virtually negligible; however, a close examination of the buyers of these vehicles reveals significant differences.

The truck market is segmented just like the car market. A sport utility buyer is as different from a standard pickup buyer as a sportcar buyer is from a standard size car buyer.

A quick review of buyer demographics illustrates the differences among truck buyers, by segment:

	Median Age	Median Income	% White Collar	% Attended College +
Standard Pickup	45	$29.5m	30.2%	36.8%
Compact Pickup	36	29.6m	41.2%	56.1%
Utility Vans	43	34.7m	53.4%	57.5%
Sport Utility	37	37.6m	52.0%	60.8%

As the demography illustrates, truck segments vary in appeal by demographic characteristics. For example, the sport utility market is the sportcar segment of the truck market, with upscale demographics.

Looking at the demographic profile of a sport utility customer, the usual image of a "truck" buyer in dirty blue jeans might well change to neatly pressed designer jeans. These differences would seem to help graphically target the various truck segments. The sport utility market accounts for merely one tenth of a percent of the total U.S. adults that will purchase a new sport utility in any given year. With those kinds of odds — and using a limited budget — the trick is to concentrate as much as possible on the .1%

To surpass the limitations of demography, you have to think in terms of what motivates a person to purchase a sport utility. While a specific reason cannot be identified, the overall motivation is image. Image is best displayed by the products you buy and the lifestyle you lead. Lifestyle is a reflection of the things you do; obviously a stamp collector conjures up a different image from a skier.

Lifestyle can be quantifiably measured through activities as reported in MRI and SMRB. Activities can be matched by demographics or by product purchases. Activity information overlayed with target audience demo-

90.4%

Personal written request.

That's what Marketing & Media Decisions scored in last December's BPA statement.

Can they do it again this December?

Wait and see.

"What really impressed them was that 92.5% of HBR subscribers are managers and professionals."

The more you know
about HBR,
the better it fits.

Harvard Business Review

New York, NY (212) 972-0740
Boston, MA (617) 495-6182

graphics build a complete profile of the sport utility buyer. This allows media to be selected which has psychographic implications that relate directly to both lifestyle *and* product.

That *doesn't* mean, however, that only books reflective of those activities be used. Concentrations of appropriate target consumers exist in publications that do not incur the cost premium of special interest publications. These are the publications that form the base for our magazine buys, supplemented by key special interest publications. Magazine selection by this criteria helps hold down target cpm, while getting concentrations of people with the right lifestyle for our product.

This technique will work equally well for any product which is image-related and which depends heavily on image for sale. Matching the media psychographically by activity as well as demographically, insures maximum effect of an image-oriented creative campaign.

MEDIA RESEARCH

By LARRY D. KELLY
Associate Media Director,
Bozell & Jacobs, Inc.

Infomercials

Put a media person and a creative person in the same room and what happens? Inevitably the efficiency versus impact argument takes place. Tradition has it that media folks prefer :30s to :60s in television and 2/3 page to a full page in magazines. This rationale is to gain that all important frequency. Creative people, on the other hand, seem to always want more time and more space to tell the story. It seems ironic, then, that media directors rate the optimum length of television commercials as being longer than that of their creative counterparts. Commercial lengths longer than :60 were rated as more effective by media directors than by creative directors. This finding was one of the highlights of a study funded by Bozell & Jacobs, Inc. and conducted by Dr. Richard Beltramini of Arizona State University to investigate the impact of infomercials on the advertising industry. Questionaires were sent to media directors, creative directors and advertising managers of the top 100 broadcast advertising agencies and advertisers. Four major research questions were addressed. Two involved general knowledge and use of infomercials. Infomercials here are defined as commercial units greater than :60 seconds. The other two questions dealt with perceptions of commercial effectiveness. It was here than the agency disciplines of media and creative had differing opinions.

The two questions addressed were:

- What do advertising professionals feel is the optimum length of commercials?
- What do advertising professionals feel is the relative overall effectiveness of various commercial lengths for products and services?

The overall average for the optimum commercial length was 40 seconds. Agency media directors reported that nearly 50 seconds would be ideal while creative directors felt that 39 seconds would suffice.

To explore this issue further, the respondents were also asked to report their feelings on the maximum length of a prime time commercial. Overall, the average was 65 seconds. Agency media directors reported longer, 73 seconds, while creative directors reported a much shorter than average 52 seconds. Both agency media directors and creative directors differed statistically from the overall average on this aspect. Here the overall results demonstrate advertising professionals' feeling that spots of approximately 40 seconds are optimum, and those of approximately 65 seconds are maximum. Agency media directors see longer than average levels while

THE ABC'S (from 65)

North American Text & Graphics Segment System Operator Revenues

Year	User Revenues	Advertising Revenues	Transactional (order fulfillment)	TOTAL
1984	10.8	1.8	.105	12.7
1985	32.4m	8.4m	.6	41.4
1986	81.6m	26m	2.1m	109.7
1987	153.6	60m	7.85m	221.45
1988	242.4m	108m	24.8m	375.2m

Courtesy of Link Resources

The projection shows substantial projected growth by 1988.

rate (assuming 30 million households); the upscale demographics of the potential users; the technological advances in computer graphics and the quality of a normal tv video image; and the time it would take advertisers and the marketing community in general to transfer funds from one media form to NEM," Mr. McLaughlin said.

In further expanding upon the $8-10 billion advertising revenue, McLaughlin stated that this depended upon advertisers recognizing NEM as a viable alternative to other media choices. Several factors would be involved. The first is technology. As computer graphics improve and take on the normal tv quality that is most familiar to consumers, the power of NEM's advertising potential could grow. In initial stages, practical advertising would most likely be of "yellow pages quality" but updated more frequently and linked to the purchase of a product. Advertisers would most likely view NEM as a very attractive opportunity on a local level.

"And while $10 billion may not appear awesome when one looks at historic advertising growth over the last five years," McLaughlin remarked, "it could represent a significant portion when you realize what advertising dollars could be ten years from now."

The Booz-Allen study was the most extensive of any conducted thus far. Companies including AT&T, Atari, Chase Manhattan, IBM, Xerox, and CBS paid $2.5 million to fund it. Over a 2-year period, Booz-Allen surveyed 700 families in Columbus, Denver, New York and San Diego, testing a prototype home information system that offered 15 services. The most popular were household budgeting, personal calendars, games, education, banking, shopping, travel reservations, electronic messages and home security (burglar and fire alarms).

The advantage for many consumers participating in the Home Information Systems test was the time and convenience that could be gained. Most important, there was little balking at the price for a basic package ranging from home banking and shopping to monitoring burglar alarms: at $15 a month, two-thirds of the participants said they would sign up for the service. Others were willing to pay 3 times as much to obtain all the services.

While McLaughlin concedes that HIS may not appear on the surface to be a large enough opportunity to have major companies "stop what they're doing" in relation to their main lines of business, there are several services which could propel videotex usage. These range from learning and home financial management, to security services and entertainment.

From a revenue standpoint, he believes that advertising and shopping will be at the forefront. But from a technological standpoint, Mr. McLaughlin surmised that advertising and shopping could be last: ". . . because they're so sophisticated and require a normal tv image on demand.

Link Resources, a market research firm, has made a more conservative forecast over the next five years. Assuming different revenues and expenditures based on the varying sizes of videotex systems for certain benchmark user populations of 10, 25, 50, 100 and 250 thousand, Link's model forecast the following: by 1988, 250,000 users would account for $12 million in equipment revenues, $15 million in telecommunications revenues and $8 million in advertising.

Table four shows revenues to system operators. (System operators are those who run the host computer, bill subscribers, sell advertising or services. Viewtron is an example.) By 1988, system operators could derive a total of $375.2 million from the following services: $242.4 million from user revenues; $108 million from advertisers; $24.8 million from the percentage charged to a merchandiser for fulfilling an order.

Strategic reasons

While there are very few households in the United States with videotex and teletext services, several companies are convinced of the market's potential. As a result, they are testing their own forms of service packages are aimed at the home user. As industries, their reasons divide along offensive and defensive strategies.

The financial services industry has an offensive strategy. Banks and brokerage houses want to provide new value (convenience, bill paying services) and new geographic reach, which is especially important in electronic funds transfer to their customers. Paper-based banking is becoming more and more expensive and electronic banking is a means of reducing the expense of processing checks and speeding up the collection of funds. Brokerage houses are seeking ways to become more valuable to their customers by distributing financial market information, providing an electronic mail feature with one's broker, offering an on-line link so that a customer can check the status of his account.

Telecommunications suppliers such as AT&T and IBM recognize that computers, terminals and networks will be interested in delivering these services and have taken a more offensive strategy.

Mark Plakias, director of research for Link Resources, questions, "To what extent do they want to get into software and the creation of content to promote the sales of their technologies? AT&T has made a significant contribution to Viewtron and demonstrated its willingness to invest considerable sums of money in fostering the creation of a database in order to sell it technology. Will IBM take that kind of approach? It's not a consumer based company. When it introduces the Peanut at around $600-800, then it will have a consumer product on its hands. Will this drive IBM to consider videotex for the home?"

Peter Grimm Jr., program manager for Videotex Evaluation of IBM's National Accounts Division, gave some insight into that question. "Viewtex needs computers and we need to understand what uses we need to make of computers. Our customers expect us to have a solution for this."

IBM sees the corporate videotex user, the business person for whom timely information is critical in the daily operation of a business, as its primary market. Companies need basic communications within their organizations such as bulletin boards, electronic mail, messaging, order entry for customers through catalogs, and those internal manuals such as personnel policies, benefits and organizational directories. As far as the home user market, Grimm feels that the personal computer may help to foster home use of videotex, but did not offer thoughts as to the impact that the Peanut could have on the videotex market.

Electronic publishers could be viewed as taking a more defensive approach. Some are capitalizing on an existing product base while others are creating or including new products for NEM. For example, Dow Jones is leveraging its considerable base in *Barrons*, *The Wall Street Journal* and the information it receives from the stock exchanges and offering financial information to its subcribers. Knight-Ridder, on the other hand, is positioning itself as an information company and packaging all types of services such as home banking and home shopping, as well as news, on its system. Newspapers are in mature markets and envision a possible erosion of advertising revenues. "If more households go on line, then circulation will decline and cause lost advertising revenues," McLaughlin stated.

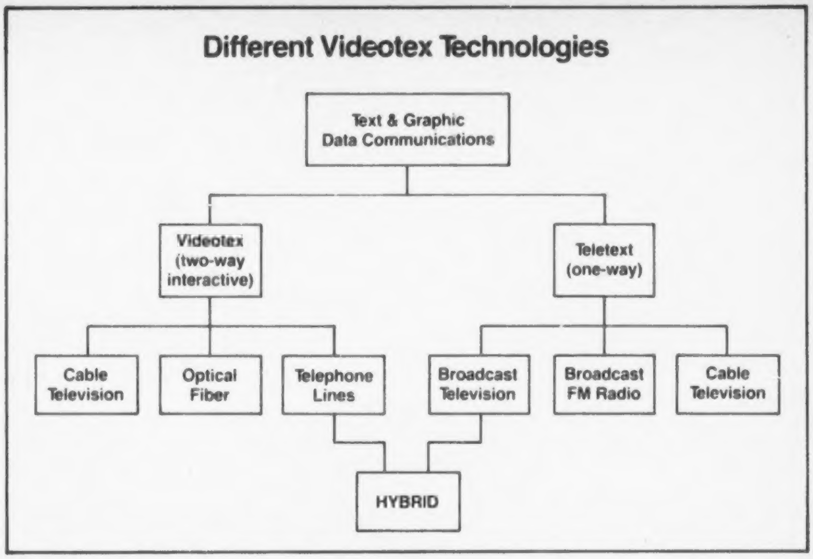


Diagram for videotex technologies shows how the various transmission systems can be utilized in the transmission of information.

Larry Pfister, vp, Time Video Information Services, described Time's strategic reasons. "Time implicitly has roots in publishing and felt it should become involved with electronic publishing — any way to expand its editorial. Also, Time is consumer-oriented with broad appeal and a mass audience which is evidenced in its publications such as *People, Discover* and *Time*."

Abbot Ezrilov, vice president of Sales for Videotex America, Times-Mirror, said, "We want to get a feel for the impact videotex could have on Times-Mirror properties, to what degree, and see what we do about it. We believe videotex will come and we really need to understand its impact. So little research was available that a number of questions had to be answered. So we decided to find out with our own investment."

Retailing through direct response could benefit by the home services of videotex, and as such, some major retailers are taking an aggressive posture. JC Penney and Sears seem to be aiming at the gray area between retailing and financial services. American Express is participating in the Viewtron trial, offering products and services that are generally handled through direct marketing programs to its cardholders. Travel related services, travel packages and card status services are available. Customer access to money accounts and brokerage services via Shearson was recently announced in the June 20th issue of *Bank Letter*.

Videotex tests

There are several trials being conducted in videotex and teletext services. This section will focus on videotex tests, highlighting those that industry experts are closely monitoring.

In financial services, Chemical, Citibank and ADP (Automated Data Processing) are experimenting with banking services using interactive videotex. Chemical's Pronto System, which will be licensed to other banks, offers its customers account status information and a bill paying service. It intends to offer investment information, a stock trading service, news, catalog shopping, airline guide.

Citibank's HomServe provides account information, bill paying and cash through pre-signed travelers check. (One of the hurdles in home banking has been how to get cash and Citibank appears to have solved that problem.) Citibank plans to offer financial information, tax services and home shopping.

ADP is relatively new to videotex. A success story in the computer services industry, having built its reputation on payroll processing, it has decided to test a nationwide home banking project. It provided the network support for the home banking component in Venture One. SRI devised a market research plan for ADP to recruit 20 medium-sized banks and involve them in HBI, or Home Banking Interchange. In first quarter 1984, these banks will be on line in a pilot test using ADP software and networking. If results prove out, then ADP may go into a commercial phase in 1985.

These financial services focus on the upscale consumer for whom time and convenience are critical and who are willing to pay for these services.

CompuServe's subscribers can choose any of a host of services: financial information, banking, games, weather, shopping, newspapers and bulletin boards. The Source offers news, consumer tips, games, travel, shopping, bulletin boards and stock quotes. NewsNet provides access to over 80 newsletters on various topics. Its computer will find articles on a particular subject for a user and subscribers receive a listing of pertinent new articles in its database.

In publishing the major players are Dow Jones, Times Mirror, Knight-Ridder and Time, Inc. Dow Jones provides its 60,000 subscribers with business and economic news, stock quotes and investment information.

Times Mirror's Videotex America offers over 70,000 pages of content on line in a comprehensive home information service package. It includes games, shopping, product information, news, sports, electronic mail, household tips, education, and bill paying. Having tested the service in 350 homes in Mission Viejo and Rancho Palos Verdes, Times Mirror plans a national roll-out in the spring of 1984, beginning in California.

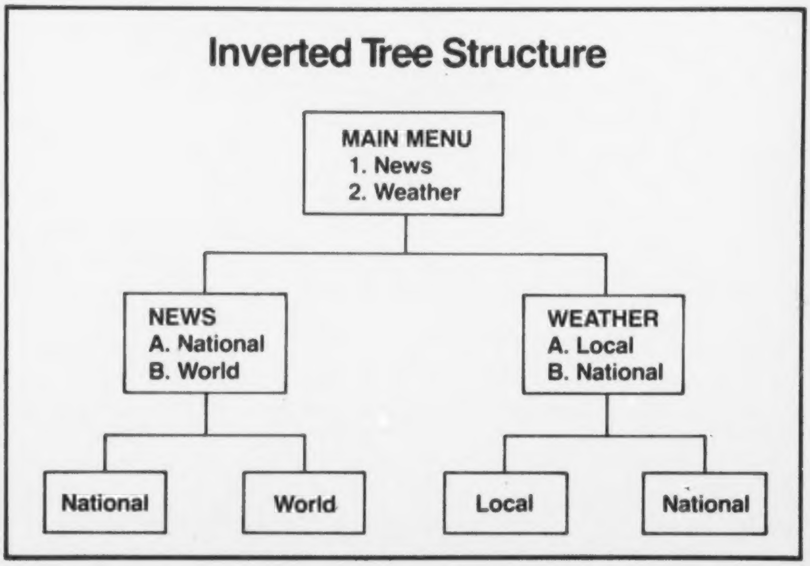
Michael J. McLaughlin, vp at Booz-Allen, believes that videotex could cut sharply into newspaper circulation and revenues.

Abbot Ezrilov, vice president of Sales for Videotex America, said, "We plan in three years to be in 18 cities either by ourselves or in joint venture with partners such as the leading newspapers in those cities." Times Mirror is also testing different pricing schemes. And because the audience is very upscale, Ezrilov believes this select base of consumers will be of great interest to advertisers. In addition, the system can monitor purchases of a product and offer a direct vehicle for market research and advertising effectiveness. "The advertiser can find whether or not marketing, pricing, packaging and advertising worked," Ezrilov commented.

Knight-Ridder's Viewtron Information Service will provide a host of services: home banking, news, weather, sports, entertainment, education, home shopping, business information, stock quotes, investment information, games, household hints, pet care, travel and health services. The service in the Miami-Ft. Lauderdale area will eventually expand to 15 major cities either on its own or through joint ventures. Knight-Ridder is targeting 150,000 homes in an upscale segment. In addition to testing services, pricing strategies will be monitored to determine the willingness of consumers to pay for videotex. Regarded as a major gamble by industry experts, Knight-Ridder's strategy as an information company is to obtain 25% of its revenues from businesses other than newspapers by 1990.

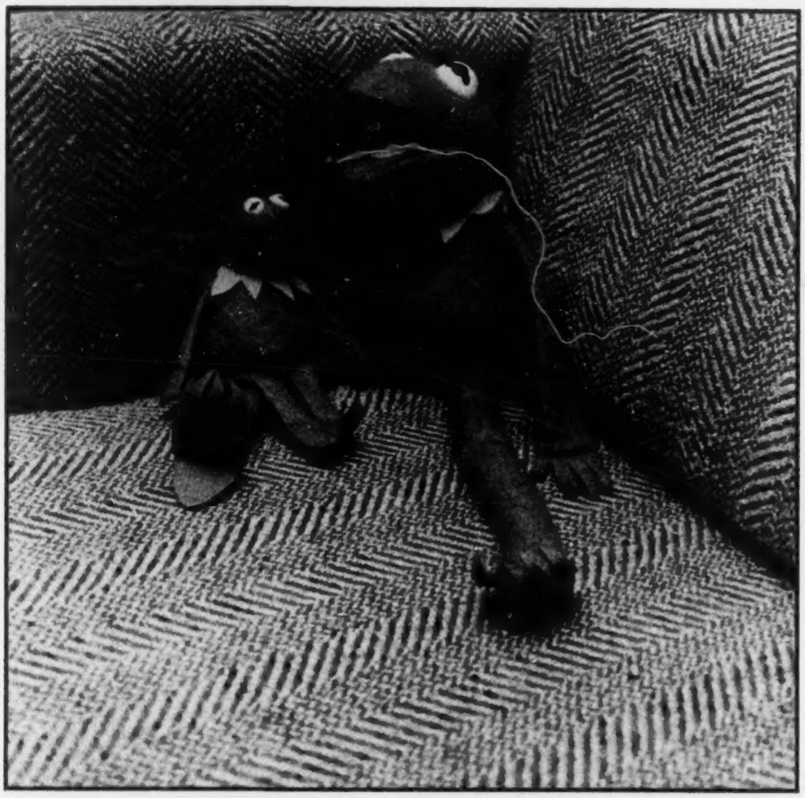
Time Inc.'s Video Information Services division launched a major teletext test in California which will be discussed in detail in the next article. I mention it here as industry experts are closely following Time's experiment. Because Time is a major publishing company with links in cable, and its ability to appeal to more of a mass market, its service could shape the industry. *Vivienne Vilardi*

(First in a series)



Inverted tree structure shows how menu divides into categories.

BRAND REPORT 92:



Heroes take role in toys & games

Toy and game marketers have had to find a way to break out of the traditional children's tv viewing period, Saturday morning and late afternoon fringe. The answer: creation of syndicated media vehicles that feature toy characters as characters in the production. But the traditional media plan is still the mainstay.

The traditional toy industry hasn't been a lot of fun and games lately.

Reports of revenue losses have been rife in the first three quarters of 1983. Companies posting mid-year red ink include Mattel and Hasbro. But that doesn't mean that business has been static across the board.

Electronic merchandise cut heavily into the sales of board games, action toys and hobbies. First it was hand-held games, then tv screen games, and now computer games. But in spite of the marketing and advertising talent and expertise amassed behind computer and console games, some industry observers believe that traditional board games are on the verge of making a comeback.

Meanwhile, licensing continues to be the primary mode for quick recognition and sales in the industry. But even that route is not necessarily a short cut to a child's fancy and parents' purse. Flat sales of Return of the Jedi Action figures indicate that instant recognition and popularity don't necessarily translate into purchase behavior.

Discounting is also a large factor in retail sales as department stores are underpriced by toy specialty houses, not to mention street vendors who are amply supplied with die-cast miniature cars and trucks.

The strongest category in the field has been dolls, particularly the collector doll segment, as retailers have found soaring interest in dolls selling in the $75 to $100 range.

And a possibly disturbing sign of the times is the revival of interest in military action toys, as Hasbro's G.I. Joe makes a strong comeback.

Media expenditures for toys and games, excluding the electronic category, didn't accelerate much in 1982, climbing from $218 million in 1982 to $227 million last year, about a 5% increase.

The toy and game business is a perishable package goods arena. Some games and toys are particularly seasonal and have a short shelf life. Consider the rise and fall of Rubik's Cube. But others, such as Monopoly and Clue, are steady sellers year after year.

Glen Hastings, president of Mattel toys, sums it up this way: "Toy firms are product-driven companies. We can't be late and planning is extremely critical. We've bought time, and the idea is to have zero inventory on December 26.

"The package goods industry, by contrast, is more market research driven. They put new products into mature markets with very little risk. Everything is done by the numbers and all percentages are known. We can't operate that way. But that's what makes the toy industry so exciting."

While toy and game advertising is often believed confined to the Saturday morning television ghetto and afternoon fringe, more diversification exists in toy marketing and media plans than would be expected.

Magazines and supplements play a supporting role in many media plans, while radio and outdoor get virtually no play at all.

Most toy advertising is aimed at the pre-teen audience. Toy advertisers are out to sell the child, who then sells the parent.

MEDIA EXPENDITURES FOR GAMES AND TOYS IN 1982

Brand	Total	Magazines	Supps	Network tv	Spot tv
Schaper	6,140,300			3,504,200	2,636,100
Ideal	12,140,500			2,174,100	9,964,400
Coleco	4,063,300			564,800	3,498,200
Kenner	23,871,200	217,100		16,121,900	7,532,200
Parker	13,007,900	606,400		5,272,600	7,128,900
Hasbro	14,160,300	926,300		1,927,300	11,309,400
Lego	5,503,300	730,500		4,446,500	326,300
Mattel	36,131,000	3,483,900		24,801,900	7,845,200
Bradley	20,791,800	9,100		7,031,900	13,750,800
Price	10,058,400	5,042,800	264,700	4,640,200	364,000
Tomy	11,735,500	117,900		1,679,600	9,938,000

Source: Leading National Advertisers

Naturally, there are seasonal peaks, coinciding with holiday purchasing patterns, mainly year-end and early spring. Outdoor items also get a strong push in late spring and summer.

Hovering over all this marketing and advertising activity is the admonishing figure of Peggy Charren, and her organization, Action for Children's Television (ACT). Viewed in some circles as the toy industry's wicked nemesis of the north, Charren consistently agitates legislators and regulatory agencies about the quality of programing and advertising to children. But no Peggy Charren dolls have been put on the market as yet.

Mattel

The preeminent spender in the toy and game field, Mattel invests a third more than its nearest competitor, Kenner. Mattel's position in the field rests with a series of toys that have had considerable staying power in the marketplace, the Barbie doll that was launched 24 years ago, and the Hot Wheels line of die-cast model cars that have been consistent sellers in the marketplace for 15 years.

James King, director of advertising services for Mattel, said that the continuing Barbie Doll line is getting the strongest support from the company in fourth quarter. "It's the leader in the fashion doll category. The doll and the accessories have retained their selling strength and get heaviest support in fourth quarter. We are also adding accessories to the line."

The He-man Masters of the Universe figure line is also being given strong advertising support in fourth quarter. Introduced in 1972, it continues to be a solid performer, King said.

A new product from Mattel is Baby Skates, a large doll that skates. This item was introduced in mid-summer. "It is moving well, and will get strong support," King said. Pre-Christmas support started in September and continues through December.

Another new toy line, Poochie, a pink stuffed dog, which has accessory activity sets, was introduced earlier this year. Poochie is getting heavy advertising support, King said.

Mattel also has a pre-school line of toys and educational products, which are advertised in spring and fall primarily to women, who make the purchases.

Stepping back from the particulars, King said, "On overview, we support 45 to 50 products in fourth quarter. Each one has its own budget and media plan.

The budget for all those toy lines was expanded in 1983, King said, and will probably top $40 million before year's end. "We will continue to use network television heavily in fourth quarter. One difference from 1982 is that we will use more spot television that last year." Mattel used network over spot in 1982 at a 3 to 1 ratio.

The reason for the increased emphasis on spot, he said, is "its flexibility that allows us to adapt its use to shifting sales patterns regionally, and it gives us a better fix on local market opportunities."

The network television buy focuses on Saturday morning and includes time on the *ABC Afternoon Specials*. The spot buy focuses on afternoon fringe. The print buy is mostly women's service books to reach mothers for preschool toys, but this year included the new children's magazine *Muppets*, which King characterized as an opportunistic buy.

Kenner

With $23.9 million invested in media in 1982, and an increased budget of $25 million for 1983, Kenner continues to be among the heaviest spenders in the toy category. Kenner's primary strength in the market now comes from the popularity of Strawberry Shortcake figures and the Care Bears. The name is strongly supported in children's programing on network tv on Saturday mornings and local afternoon fringe.

This fall, Kenner adapted a strategy somewhat unusual for toy advertisers, unleashing a media blitz in November that was inescapable in most markets. Kenner ran Strawberry Shortcake and Care Bears spectaculars for five consecutive evenings the week on October 24 in the top 100 markets with this syndicated vehicle. In most markets it ran at 7:30 p.m., but the time did vary depending on clearances.

Kenner is also plugging a contest with a prize of a trip to Hollywood for a family of four, on the *Knight Rider* tv show. The entire Kenner line is being promoted on *Knight Rider*, and entry forms are on the inside of Kenner toy packages.

Meanwhile, Kenner is continuing its association with Saturday morning television shows and afternoon fringe on spot. Last year, network got the bulk of the budget, $16.1 million, with spot getting less than half of that, $7.5 million.

Kenner also purchased time in the *Family Classics* series on network tv — Black Beauty on Nov. 13, Hiawatha, Nov. 24, Beauty and the Beast, Nov. 25, and A Christmas Carol, Dec. 4.

BOARD AND ACTION GAMES: FACTS AND FIGURES

% OF DISTRIBUTION OF UNIT SALES BY OUTLET (1982)

	Discount	Sears Penney Wards	Other Dept.	Variety	Nat'l Toy Chain	A/O Toy	Catalog Showroom	Other
Child's Action	39	6	5	6	16	4	5	18
Child's Board	36	7	8	8	16	4	4	17
Family Action	39	5	9	5	18	6	6	13
Family Board	37	5	9	5	13	5	6	19

Source: NPD Research, The Toy Market Index

CATEGORY SUMMARY (1982)

	Child Action	Child Board	Family Action	Family Board
% Units by age of recipient				
0-11 mos.	1	—	2	—
12-23 mos.	1	—	1	1
2-3 yrs.	15	10	6	1
4-5 yrs.	28	25	19	4
6-7 yrs.	24	28	26	12
8-9 yrs.	16	18	16	18
10-12 yrs.	10	14	22	34
13-17 yrs.	2	3	3	17
18+ yrs.	3	1	5	13
% Planned Purchase	35	38	35	50
Average Price/Unit	$5.46	$4.99	$7.28	$7.12
Units Sales (mm)	14.1	14.9	6.2	14.2
Change vs year ago	−21%	+17%	−47%	−11%
Dollar Sales (mm)	76.7	74.6	45.2	101.3
Change vs year ago	−16%	+57%	−44%	−4%

Source: *Playthings*

Magazines are used to reach parents with sustaining advertisments on a fairly low budget of $217,000. The magazine list is confined to women's service magazines, with *People* magazine being the lone exception.

Kenner is also using rebates in the fourth quarter and premium promotions for its Berries line and Glamour Gals figures. A promotion offer is also being made in fourth quarter in connection with *Star Wars* figures, with the Emperor figure being sent on receipt of proof-of-purchase for four other figures.

Fisher-Price

With its emphasis on infant and pre-school toy lines, Fisher-Price employs a magazine media strategy that is at variance with the rest of the industry. The company is spending in the range of $16 million this year, 75% of it in the fourth quarter.

Lines getting the most support this year, according to director of advertising, Robert Moody, are crib and playpen toys, pre-school basics and a building set called Construx.

Because so many F-P toy lines are pre-school, advertising is aimed primarily at a female adult target audience. "The area and greatest strength of our franchise is in our relationship with parents," Moody said. "Consequently, we use daytime network television and prime access in spot markets." The network buy is mostly in soaps and game shows and some spot syndication, Moody said.

Print also plays a strong role in the F-P marketing and media plan. Last year, the company had the largest magazine expenditures in the category, $5.1 million, and will probably take that distinction this year as well. Consumer print schedules run in the women's service books, the baby books and *People*. The toy and trade publications are also used.

"We've found print to be an efficient way to reach the adult audience," Moody said. The budget breakout places 40% in print, 60% in television. Some spreads, not a tradition with toy advertisers, will be used this year in the fourth quarter.

A direct mail effort is being utilized this fall with the *Brides* Families package to announce a sweepstakes in the arts and crafts toy category.

Cable is also getting in the plan this year, with a buy on *American Baby,* the program produced by the magazine of the same name. "We're always looking for vehicles like that," Moody said. "You must be aware of changes in the broadcast field and experiment with cable and syndication. So far we use cable and syndication to supplement our basic network daytime buy because that is still the most efficient buy in broadcast and we've seen nothing that changes that position," Moody said.

LEGO

A LEGO system may seem like just one toy, but the company maintains that a LEGO set is a million toys in one. This one product company is not one of the heaviest advertising spenders, but maintains a solid presence in the toy arena.

LEGO comes in four age-segmented versions. Duplo, for pre-schoolers, Universal Building sets, ages 5-7, Legoland, 7-9, and Expert Builder, 9-14.

Data from Leading National Advertisers shows that last year LEGO spent $5.5 million — $4.4 million in network television, $730,500 in magazines and $326,300 in spot television.

This year, the budget has been expanded considerably, as fourth quarter expenditures climb to $8 million alone.

A new :30 spot has been created by SSC&B for fourth quarter to run October through December. It represents an additional $1 million to the campaign according to an agency spokesperson.

Schedule for the new commercial includes *Scooby Doo Mysteries, Little Rascals/Ritchie Little, Pac Man, Benji, The Dukes, Dungeons & Dragons, Charlie Brown, Supercade* and *Bugs Bunny/Road Runner*.

LEGO is also running two commercials from last year, which are aimed at the 18-34 age group, which makes the purchase decision. These run on network, and also in spot in 24 markets, with maximum spot weight going to New York, Chicago, Los Angeles, Dallas, Seattle and Atlanta.

Print gets decreased use this year, with only three vehicles on the list for fourth quarter action: *Parade, Woman's Day,* and *Parent's*. The full page ads will carry a rebate offer.

Ideal

Ideal, the CBS toy division, is having a very active 1983 with introductions of new lines for 1984. Ideal is stongly into licensing, with its Star Wars Return of the Jedi line, and already well established Sesame Street products.

New play environments for 1984 will include the Sesame Street new Big Bird Flyer Gym and a Swing Set with Big Bird flyer ride.

A western motif is evident with the new Clip-Clop Corral Gym, with Clip Clop, an electronic sound for the

The Fisher-Price Gas & Go Service Center.
It fuels your child's imagination.

Children love to make believe. So Fisher-Price created the Gas & Go Service Center with motorized numbers that automatically go round just like on a real gas pump!

There are all the tools your little ones will need to run a full-service gas station, too! A gas cap attaches to toy vehicles by suction, then flips open for the gas nozzle to go in. And to aid in maintenance jobs, there's a play oil can, air gauge, wrench and screwdriver.

The Fisher-Price Gas & Go Service Center. All the tricycles, scooters and little red wagons in the neighborhood will be pulling up for a fill-up.

We will protect our good name.

The name Crayola® and the design of the Crayola crayon package are registered trademarks of Binney & Smith Inc. And both are fully protected by United States law.

It is illegal for anyone, without authorization from Binney & Smith Inc., to use the Crayola name or Crayola symbols, or a deceptive imitation of them, in manufacturing, selling, distributing or advertising any product or service to falsely imply a connection with Binney & Smith Inc. and its products.

If you have any questions concerning the Crayola trademark, or if you are aware of any unauthorized use of the Crayola name or symbols, please contact:

Binney & Smith Inc.

Fisher-Price and Crayola use women's service magazines to reach parents of pre-school children.

Wonder Horse. Also in that line is the Bronco horse rider swing set.

But major 1983 fourth quarter support is being reserved for already existing and solidly performing lines.

Ideal doesn't spend at the rate of Mattel or Kenner, but holds its own with about $12 million, most of it spent in the fourth quarter. This fall, Ideal is strongly backing its Slam Shifters Cannon Blaster with network and spot television, the Pit Stop Speedway with network tv and spot in the top 10 markets. High Risers Vehicles and Crunch Canyon, with the same media, Erector Construction Systems with spot tv and print in the top 30 markets, Knight Riders, with prime time network tv, Rubik's Race, with spot tv in the top 30 markets, Pop-O-Matic with spot tv in the top 30 markets, Othello (board game) on MTV, Rub-A-Dub Doggie, in network tv and spot, Classic Dolls, with magazines, and Chipmunks with network tv and spot tv in the top 30 markets.

Ideal's Child Guidance and Wonder lines are using cash rebate offers on 29 pre-school and Wondersound toys, ranging from $1.50 to $15. Support for the Child Guidance line includes daytime network and spot tv and a schedule in the baby magazines. The Hello Kitty line gets spot tv and print support with four-color spreads in women's service magazines.

Hasbro

This toy marketer, with a budget in the $15 million range, divides its business into three segments, pre-school, boys and girls toys. Pre-school product advertising is directed to parents through women's service books, afternoon fringe and late night tv. Last year, the print budget came in just under $1 million, the third largest expenditure from a toy marketer. Fisher-Price and Mattel are leading spenders in the pre-school category.

Hasbro weathered a difficult period when its leading boy's toy, G.I. Joe, fell victim to the anti-war and anti-military sentiment that was evident in the country during the 1970's. But the temper of the times has changed again, and G.I. Joe is making a solid comeback. Hasbro's Dan Owen, vp, marketing, indicates that the new downsized G.I. Joe is either the nation's top selling toy, or tied for first place.

"We're very confident about G.I Joe's future, Owen said. "The line consists of 28 different characters which is basically an anti-terrorist group which features ethnic representatives and women. "We have to keep up with the times," Owen said.

The toy had a five-part mini-series which aired in 93% of the country, and will run again in the Thanksgiving holiday period. G.I. Joe gets close to 40% of the advertising budget, Owen said, and is positioned against boys' five to 11. G.I. Joe and other boys' toys are advertised in a mix of network and spot tv running on Saturday mornings and afternoon fringe.

The girls' toy line consists mainly of My Little Pony and Charmkins. Advertising support is basically the same as for boys, network and spot tv on Saturday mornings and in afternoon fringe.

As for selling toys directly to children, Owen said of the Hasbro rationale, "When the child gets to be five or older, the best results are achieved by advertising directly to the child. Toy purchases are 80 to 90% child initiated " he added. "There is such a vast quantity of products on the market right now that parents are bewildered and are prompted in their purchases by what the child wants."

Owen also had some thoughts on the difficulties faced in introducing new toys to market. "It's getting more involved for a new toy to be introduced and successful now. To introduce a new toy now, you must include two new elements in the marketing mix: tv specials and licensing.

"Whenever we introduce a major category, such as Charmkins, My Little Pony or G.I. Joe, they get extensively licensed. The profits aren't plowed back into advertising directly."

Hasbro also does trade advertising, and this year, has plugged its Charmkins tv special and G.I. Joe series.

Conclusions

Advertising toys and games is clearly an environmentalist proposition. Not only must toy advertisers get themselves into a tightly limited time period when children are watching,

Fractionals are used by Mattel to show the life cycle of its Say'n Say talking toys.

Six steps to kindergarten.
The cow says "mooo."
Lion. L.
Jack and Jill went up the hill...
Say hi to the panda bear...
Two brown bears... Dum-de-dum.
I'm a toymaker...
Kids laugh'n learn with See'n Say talking toys.

Each See 'n Say, in its own way, teaches your child something new and important. From the ABC's to nursery rhymes to the sounds of his or her favorite animals.

The licensing game in toys

Licensing, one of the major modes of product awareness in the toy business, can be confusing. Its long and short term aspects have been explained by Murray Altchuler, Licensing Corporation of America.

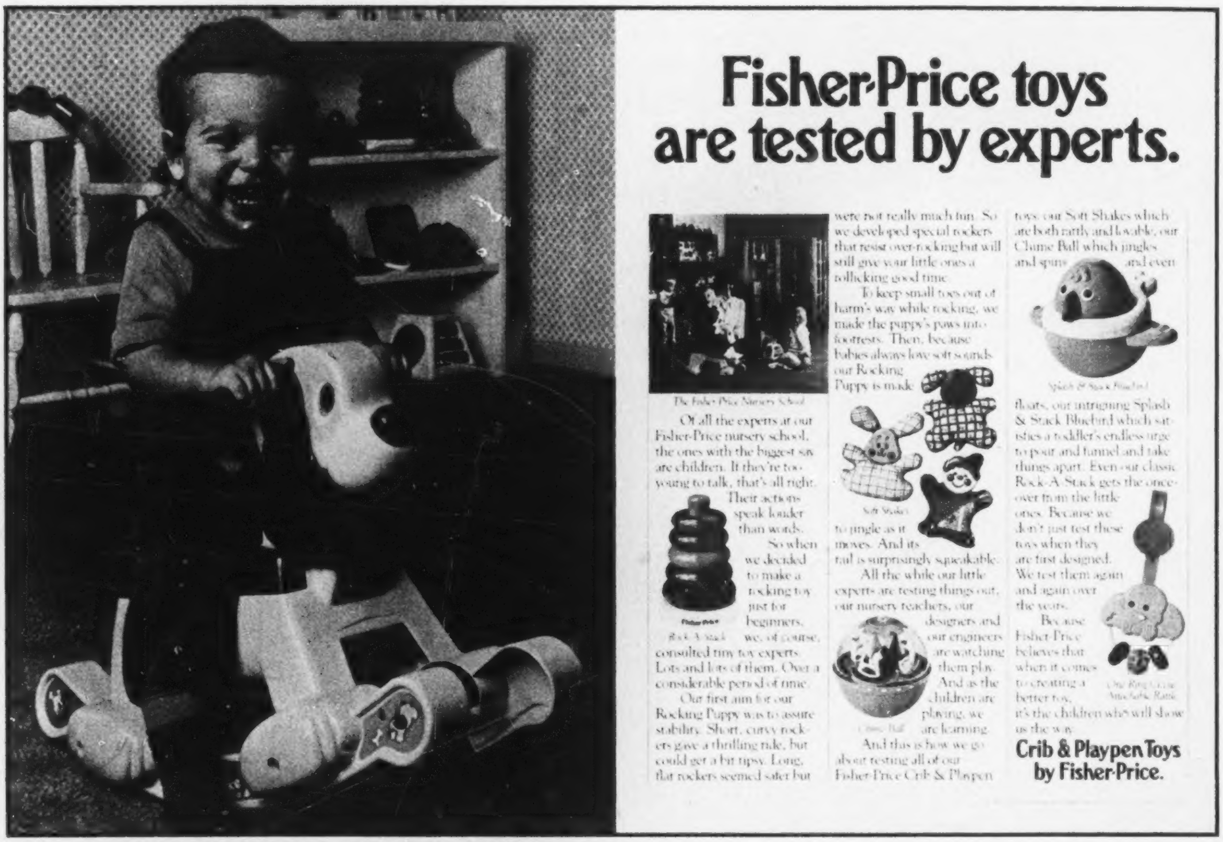
"There are two basic types of licenses — those we call the short term, the 'comet,' the one-time movie blockbusters, and the long-term property, with reasonable perpetuity.

"Licensing is the borrowed interest a property gives a product or service. Today, the definition has changed a little bit because there have been created properties that didn't start with borrowed interest. Basically, the question should be, what is the perceived value of the property, and one of the perceived values is 'branded image.'

"It's easier to get a branded image with Strawberry Shortcake (a currently popular toy) than trying to get a branded image from scratch. What makes it long-term is solid, continuing media focus, keeping that property in the eyes of the public.

"If it's a one-time movie with an $8 million promotional budget running for six to eight weeks and that's the end of it, obviously, this type of property is a potential one-time blockbuster. Mickey Mouse doesn't have this kind of a graph, but does have a continuing wave of media exposure and there is an understanding and positioning as a known property and it's there because there is media exposure. There are scores of such properties.

"We have come to recognize that a four year cycle exists. About every four years there is a new group ready to replace the previous group in each age category. This creates a rebirth and new marketing opportunities for staple properites."



Fisher-Price toys are tested by experts.

The Fisher-Price Nursery School

Of all the experts at our Fisher-Price nursery school, the ones with the biggest say are children. If they're too young to talk, that's all right. Their actions speak louder than words.

So when we decided to make a rocking toy just for beginners, we, of course, consulted tiny toy experts. Lots and lots of them. Over a considerable period of time.

Rock-A-Stack

Our first aim for our Rocking Puppy was to assure stability. Short, curvy rockers gave a thrilling ride, but could get a bit tipsy. Long, flat rockers seemed safer but were not really much fun. So we developed special rockers that resist over-rocking but will still give your little ones a rollicking good time.

To keep small toes out of harm's way while rocking, we made the puppy's paws into footrests. Then, because babies always love soft sounds, our Rocking Puppy is made to jingle as it moves. And its tail is surprisingly squeakable.

Soft Shakes

All the while our little experts are testing things out, our nursery teachers, our designers and our engineers are watching them play. And as the children are playing, we are learning.

Chime Ball

And this is how we go about testing all of our Fisher-Price Crib & Playpen toys: our Soft Shakes which are both rattly and lovable, our Chime Ball which jingles and spins and even floats, our intriguing Splash & Stack Bluebird which satisfies a toddler's endless urge to pour and funnel and take things apart. Even our classic Rock-A-Stack gets the once-over from the little ones. Because we don't just test these toys when they are first designed. We test them again and again over the years.

Splash & Stack Bluebird

Because Fisher-Price believes that when it comes to creating a better toy, it's the children who will show us the way.

One Ring Circus Attachable Rattle

Crib & Playpen Toys by Fisher-Price.

Long copy is used by Fisher-Price to get the message across about the educational value of its toys.

they are discovering they must in many cases, create their own media vehicles.

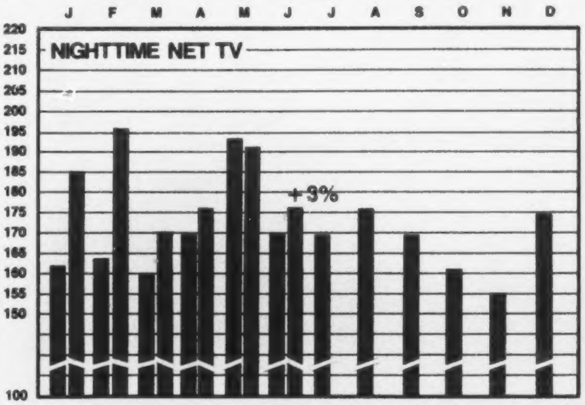
Dan Owen, vp, marketing, Hasbro, notes that introduction of a new toy line requires the creation of a television special to showcase the concept and line. In fact, the toy, if a personality figure, as so many are, needs a media vehicle to present that personality as having a life of its own.

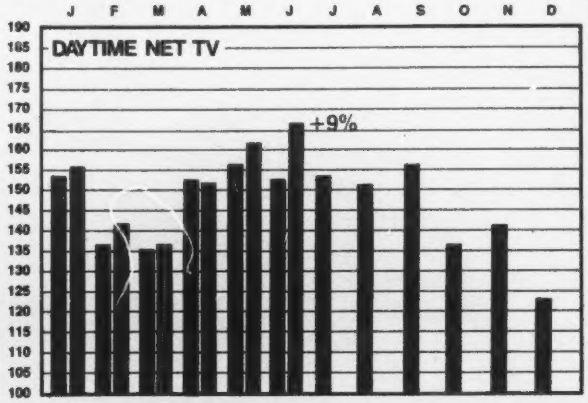
Nowhere in marketing is the creating of fantasy as supportive of the product concept so important as it is in the toy field.

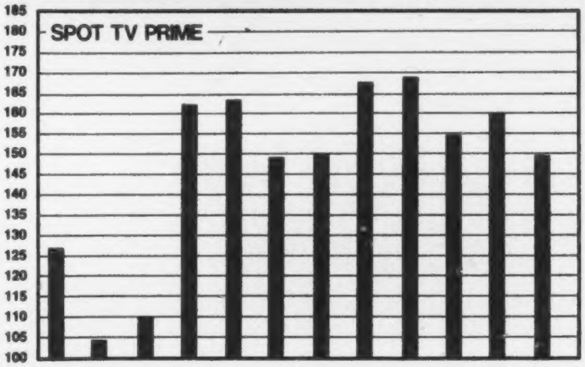
Other marketers should observe well how toy advertisers integrate the product concept and the accompanying media vehicle. It makes the medium and the message one and the same, as Marshall McLuhan observed 15 years ago. *Fred Gardner*

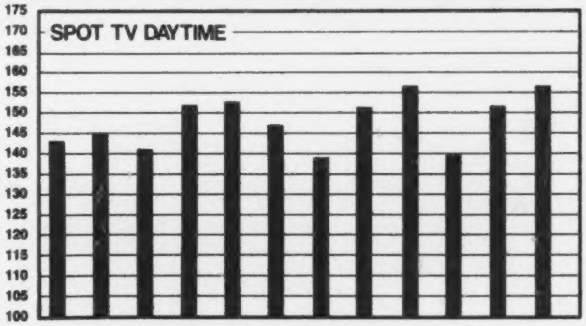
MEDIA COST INDEX

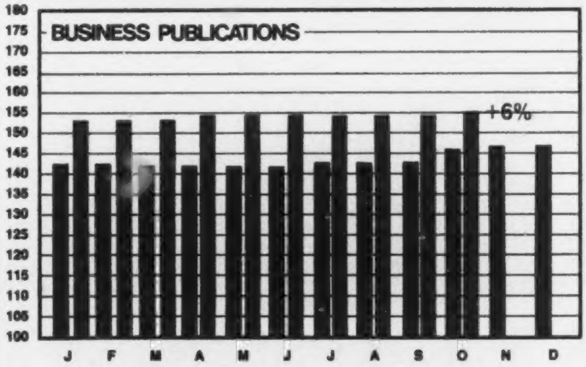
Black bars index for 1982; color bars 1983; base year 1977











The Cost Index shows comparative data for nighttime network and daytime tv, magazines, newspapers, supps, network radio and outdoor posters. With this issue, updated data is available for spot prime and daytime tv. Data for spot radio is still unavailable.

Data for **spot tv prime** comes in on a new index base because of a redefinition of day parts, starting with January pegged at 156, a recalibration from previous information on 1982's cost barameter. Data for **spot daytime** shows prices up 3% over the previous June.

Figures for **nighttime network tv** show prices recouping after a very soft second quarter, but still managing only a 3% rise over June 1982. **Daytime network tv** gathered considerable strength as the quarter ended, with a 9% boost.

September data is the most recent for **outdoor posters,** which slacked off from an earlier 10% gain, falling to 6% over 1982. Fluctuations in **consumer magazine** prices were minimal, as the index shows a 6% gain for August from 1982, down 1% from July.

Newspapers rolled up another 11% increase over last year in September, building on the 10% gain that held steady throughout the year. (Chart not updated.)

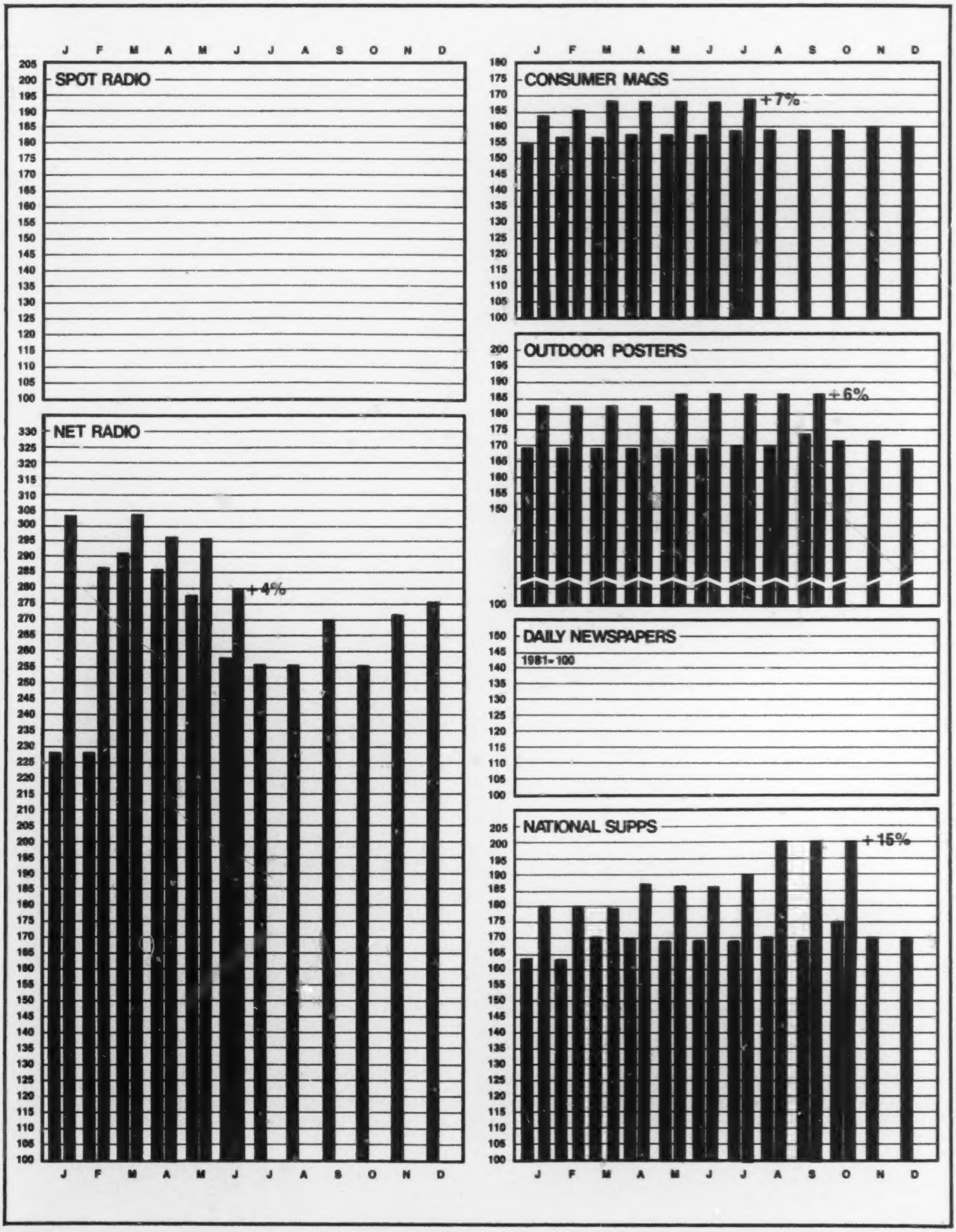
Supplements, after a strong price roll upward in August and September, fell back slightly from 19% to 15% in October.

Business publications posted a 6% gain in October, dipping from the 8% gain of the previous three months.

Network radio, as of June, showed some momentum with a 4% increase after bottoming out in the second quarter with just a 2% gain.

MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977



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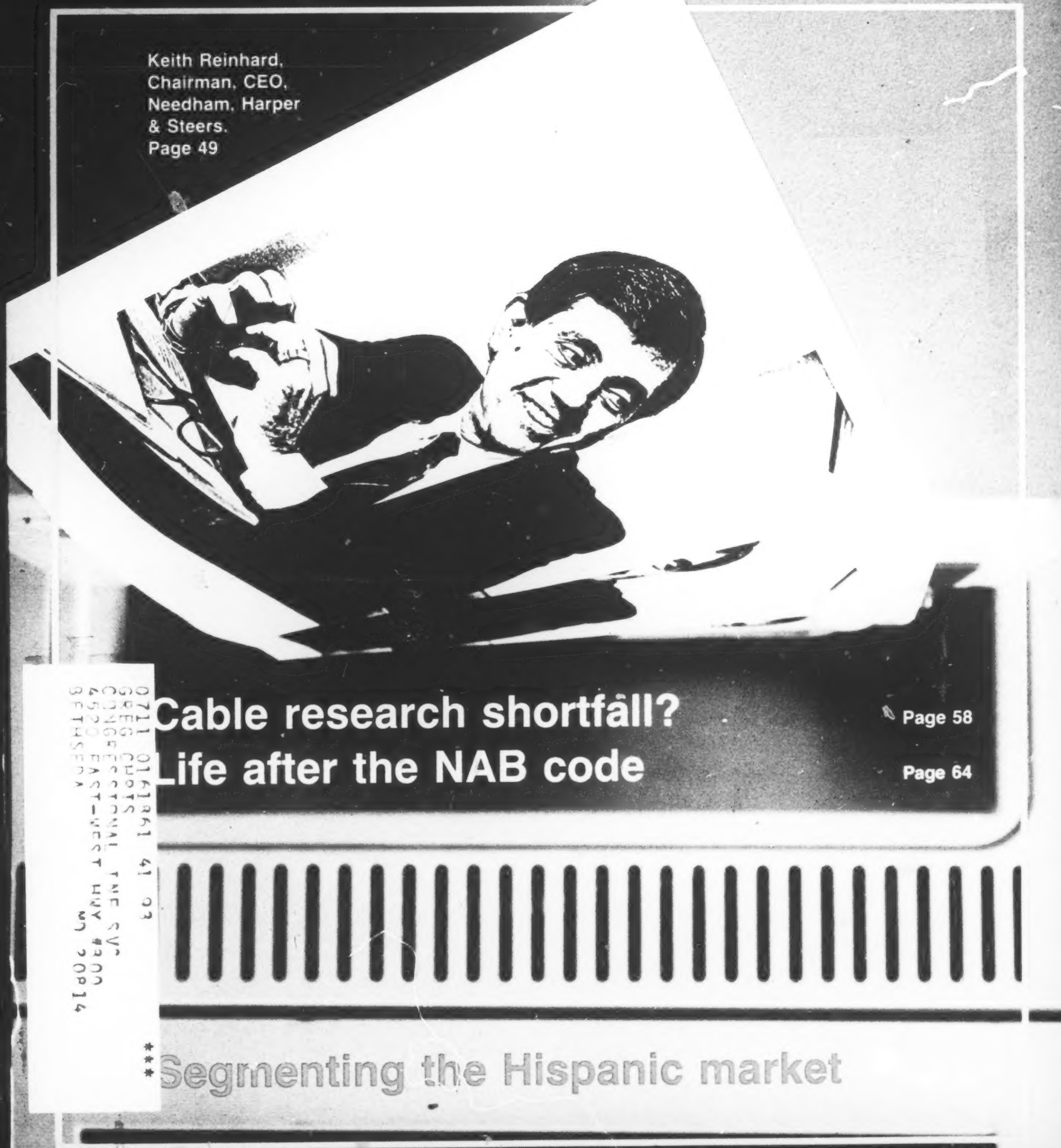

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Segmenting the Hispanic market

0711 0161861 41 93
GREG CURTS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #300
BETHESDA MD 20814
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FUTURES

Tv alternatives in focus

What with the sparks generated by the media's attacks on television in the past few months, it can hardly come as a surprise that industry observers are speculating on the future development of the medium.

Vitt Media recently released a study, detailing the sharply divergent views of tv advertisers and media reps.

From the advertisers, the same round of cavils: objections to diminishing audience share went hand in hand with concern over the difficulties of reaching the target market.

- 70% of those polled claimed tv still gave them sufficient returns on their money; this did not stop an equivalent number from pointing out the effect of audience share loss on efficiency.
- 87% went so far as to term declining audience share "a very serious threat" or "a moderate threat" to television's status as an advertising medium.
- 91%, on the other hand, perceived an increasing efficiency in cable over the past five years.

Far greater optimism, overall, dominated the sellers' views. All felt the medium continued to be as efficient over the recent years.

The majority said that television had become a more effective selling tool and that the quality of programing has improved.

- Over 50% saw cable as a "serious" or "moderately serious" threat to the medium.

The study found that the most significant result was the increased perceived difficulty of using television as efficiently as in the past. This has lead to speculation about the future form of advertising.

29% advocated program barter over the next five years (up from the 9% currently using the form).

- Others (35%) pointed to "piggybacked" 30-second spots as a possible alternative. Among other points of interest raised in the study was the emphasis placed on quality programing. Arthur D. Little, the Cambridge-based research firm, showed that television viewers do not associate program content with the advertising adjacent to it (See "Futures," September 1983). However, the advertisers responding to the Vitt Media survey displayed an overwhelming (96%) concern for program quality.

The suspension of the NAB code drew some interesting projections.

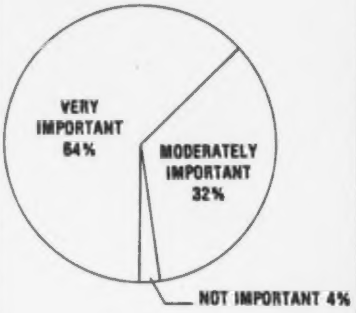
- 71% see increased clutter arising from shorter commercial formats and more messages per hour.
- 46% felt the suspension would draw a wider range of products to advertise on broadcast media.
- 24% thought the suspension would then lead to even more creative advertising.
- 21% see another regulatory body picking up the NAB's work — most likely, the Federal Communications Commission.
- 28% project a greater incidence of deceptive advertising.

Other industry observers have a grimmer outlook on the medium's future. *Media Science Reports*, a New York based newsletter, sees significant changes in the medium, prompted both by advertisers' concern for its effectiveness and the networks' dismay over audience share.

According to the report, television currently does not reflect demographic and psychographic changes:

"The radicalized youth segment under-reports in all surveys. The 1950's minded are overrepresented by all surveys." The proliferation of media alternatives — the study cites telemarketing and magazines among others — has not spurred television toward a more accurate reflection of reality, either in program content or effectiveness.

Importance of quality programing



Source: Vitt Media

Seeing increased attention paid to direct-response media, the report said one form into which television might evolve is "the programercial." This would be "a longer-form video piece viewable on its own merit, with a direct-response opportunity." This might be a means for advertisers to attract fractions of the audience that have been distracted to the NEM.

The report stated that the first four years of the NEM revolution have passed and that we are entering the second phase.

Among the report's predictions for the next phase of growth:

- NEM will appear in 70% of households, with the average at 3.2 "NEM types."
- By 1987, nearly half the homes in the U.S. will be shielded from commercial penetration by the acquisition of pay tv, while one third of the total will have remote devices to allow zapping.

FUTURES

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- 20% will have what the report termed "storage medium:" a vcr or other technology capable of recording programing: to be played back during viewing hours.

These factors, and others, will constitute "effective electronic barricades" to commercial penetration in most households, the report stated. Unless advertisers and their agencies adapt to a changing electronic environment, it warned, they will be left out of the picture.

What Americans will put on the table

Now that we've all OD'd on health food, the newest food trend will be ethnic, and may be predominantly Italian, according to a study released by New York-based Find/SVP.

The information and research firm has released its projections on the growth of the domestic pasta market. Current volume stands at 2.349 billion pounds, and is expected to boil over to 2.66 billion pounds by 1990, or $1.64 billion.

Real growth in the industry has been flat over the past five years — the period in which Americans were tightening their belts and going low-caloric. But as health food gives way to ethnic diets, a trend already remarked by Dancer Fitzgerald Sample's *New Product Newsletter*, pasta is expected to weigh more heavily on the consumer's mind.

The Find/SVP report cited other factors affecting pasta's expected resurgence: growth of the food services and ingredient markets, stabilization of import prices in relation to domestic levels and population projections.

American Home Foods, a division of American Home Products, put some $11 million behind its Chef Boy-Ar-Dee brand in 1981, according to Leading National Advertisers. By 1982, LNA figures put advertising expenditures near the $15 million mark. Campbell Soup, another major force, has not been sitting back, but doubled its estimated 1981 expenditures from $2.5 million, to some $5 million in the following year.

Clearly, marketers have already gotten a whiff of this trend. Tom Noto, marketing manager for Campbell Soup's Franco-American pasta products, says the new awareness of pasta's nutritional value has allowed the Campbell Soup product to improve the image of canned pastas in its new campaign.

"Traditionally, canned pasta has the lowest image," he says. The company has been following the growth trend, responding with increasing advertising budgets. "This will continue to be our response," he says. Recent campaigns for the product have "switched to reflect the shift" in attitudes toward pasta.

By approaching the market with a nutrition-oriented message, Noto feels the advertising can address the traditional canned pasta segment, dominated by children, and the new nutrition segment. The former has been stable, but the latter is continuing to show healthy growth. "We've seen two years of volume gains," he says.

While the company has not announced plans to target the gourmet-oriented segment, he says it is "looking at adding to the line on the gourmet side." This is most likely to be addressed through the Prego brand, which has already seen line extensions. "Right now we're testing a tortellini soup under that brand," Noto says. He does not see the company committing itself to addressing the gourmet segment fully, he explains, since gourmet pasta eaters prefer fresh pasta, which would demand an extensive and expensive distribution system.

The Find/SVP report noted that "no national brand of pasta" has emerged yet, despite the increased activity. The report states "what has thus far been missing in the 'national brand challenge' is the absolute commitment by these companies to do what it takes to establish a national brand." Advertising expenditures seem to be already rising to *that* challenge.

As the demand for the food product continues to segment, however, it may become increasingly difficult for a single brand or two to straddle the extremes of consumer interest. The report points to the still health conscious segment, the gourmet, upscale consumer, and the currently declining segment represented by housewives with three or four children, as the main sources of demand. With the growth of the "industrial" or non-consumer market, the industry will have yet another source to please.

What does it all mean?

After the leading economic indicators have obligingly pointed the way to recovery during the last six months, a survey by Lamalie Associates, the New York based executive search firm, seems to throw a wrench into the works.

Sharp gains (58% over 1982) in executive demand over the first half of 1983, third quarter results have been less than encouraging, with a 16% slip over the previous three months. Lamalie Associates calls attention to conservativism from top management as the primary factor. Why now, when they've spent the past nine months talking themselves into a recovery?

Well, according to Richard E. Lamalie, president of the firm, optimism seems to be sustained on the senior executive level despite the slow-down in hiring. The shift in corporate hiring policies simply reflects a desire to "achieve real growth in a controlled setting."

Activity was highest on the highest levels over the first nine months of the year, and continued to lead overall. Lamalie noted that the persistence of executive search reflects a need for those who can "implement more meaningful management continuity and succession planning systems," or keep up the good work.

You can't buy cable by the numbers

In the past three years cable has captured the imagination of the advertiser with rifle shot penetration and bargain rates. But advertisers are pressing their agencies for more demographic data. The numbers gap is turning into the primary issue, as cable systems and stations deal with solvency and survival.

Cable isn't a numbers buy — yet.

The debatable medium still perplexes its boosters and detractors because the quantitative and qualitative limitations on audience information make cable's use difficult to justify.

But if research is problematic, on the credit side, the price has been right.

The cable audience is out there. A.C. Nielsen's July data estimates the total number of U.S. households at 32,930,140. National cable penetration is placed at 39.3%. Forty percent penetration can be expected by the end of 1983.

But just to show the nature of the problem, Arbitron Ratings places cable penetration at 37.5% or 31,461,900 households, as of the end of September. So advertisers know what the size of the cable audience is, plus or minus two percent.

While cable users are generally optimistic about the emergence of reliable household information from Nielsen and Arbitron, they still find the data coming up short. More demographic data is requested, as well as product usage information.

"What's the difference between a 0.9 rating and a 1.2 rating?"
Bill Donnelly, cable consultant.

The consensus is that comprehensive data on small independent systems will be a long time coming, if ever.

But considering the small percentage of the media budget of even the largest advertisers going into cable, some ask if more finely-tuned data is required or even justifiable in terms of expense to produce.

In the long run, the cable industry as an advertising medium may stand or fall on the ability of research to define its audience. Right now, that definition is spotty, perforated by blank areas and often open to question.

Cable's fragmented nature makes it a difficult and expensive medium to measure. Existing methods applied to broadcast audience measurement don't provide an accurate or complete picture of who's watching what on which cable channel and when.

The question for researchers is, how much can be known? For advertisers, how much needs to be known?

A peripheral question among advertisers is who should pay for the research. Seller-provided research is viewed with suspicion. It needs additional measures of credibility, even when provided by an independent source. But advertisers would prefer not to pay for research if another financer can be found.

Cable, for all its promises, is a medium that requires audience substantiation if it is to fulfill the hopes advertisers have for a pinpointed video medium that is measurable, dependable and efficient.

There are a number of reasons why cable is difficult to measure. In his book about cable, Ron Kaatz, senior vp, director of media research for J. Walter Thompson, summed up the problems.

"In broadcast television, the cost of research services has been shared among several stations in a given local area. Because cable operators have exclusive franchise areas, the expense of audience research for a single local system must be borne by the system itself and cannot be shared.

"In addition," he says, "cable, both on a local and on a national basis, represents a medium of many more channels than in the case of television and with far lower ratings. Furthermore, audiences of most of the national satellite networks are distributed in a non-uniform pattern across the country, often making it extremely costly to develop a sample of viewers."

He goes on to note that "at the local level, many system owners are totally unaccustomed to research, have not involved themselves in advertising sales, and must be convinced that it is to their benefit to provide audience data."

Kaatz believes that separate methods must be developed for cable research. Cable audiences, he believes, "cannot be adequately picked up in existing Arbitron or Nielsen television rating reports." He says that if a cable system covers 20% of a total market, audience data for the system must be measured and not shown as a percentage of the entire television marketplace.

Five methodologies are now being used to measure cable audiences, diaries, meters, telephone coincidentals, telephone recall and two-way radio interactive cable.

The diary method is the least expensive, telephone verification the most expensive. Kaatz notes that the consensus is that cable viewing can't be adequately measured with the same diaries being used for broadcast. There isn't enough space for listing cable's multiple channels; there is general confusion on the part of the viewer as to which channel is being viewed, and overall, dairies tend to under-report lower rated, occasionally-viewed programs.

Continued on page 139

Here's Nielsen/CAB breakout of viewing by homes

MON-SUN 24 HOURS

	ALL TV HOUSEHOLDS	NON-CABLE HOUSEHOLDS	CABLE HOUSEHOLDS	PAY CABLE HOUSEHOLDS
Broadcast Affiliates				
ABC	23%	27%	19%	18%
CBS	25	28	20	17
NBC	21	23	18	17
Total	70	80	58	53
Other Broadcast				
Independent*	17	18	15	15
Public	3	3	3	2
Total	20	22	18	18
Ad-supported Cable				
Cable Originated	5	—	11	11
Superstations	5	2	8	7
Total	10	2	19	19
Pay Cable	5	—	11	17
Total Cable Services	15	2	30	36

---

* excluding Superstations
Source: A. C. Nielsen, April-June, 1983

"**Mendlesohn reports HBR delivers 6.8 affluent adult readers* per copy – more than *Business Week, Fortune, Forbes, Dun's Business Month,* and the *Wall Street Journal.*"**

*With household incomes of $40,000 or more.

Harvard
Business Review
New York, NY 212-972-0740
Boston, MA 617-495-6182

fore the prices skyrocket. And they will.

Go after future sponsorships, even if the teams in the markets you want are sponsored now. Make your needs known and attempt to negotiate up front. If that is not possible, at least try to get in on the bidding when existing contracts expire.

In negotiating, realize that the costs won't seem low even now, but don't use straight cost-per-thousand comparisons with spot as the sole criteria. What seems expensive today, may well seem moderate in a few years as the demand for radio sports heats up. ■

TELEVISION
By CHET BANDES
vp, director of media research,
Doyle, Dane, Bernbach.

The value of a loyal audience

For advertisers to focus on their best sales prospects, marketing and media analysis must often go beyond the universe of all product users to a more precise definition of those people who have a greater propensity to purchase the product. This consumer can be characterized as a heavy product user who accounts for a proportionately greater share of product sales. Similarly, in evaluating media, it is important to examine the characteristics of those segments of the population who are heavy users of the various media.

To investigate further whether a relationship exists between media loyalty and advertising effectiveness, Doyle Dane Bernbach has conducted an analysis of television and magazine audiences in terms of their media exposure patterns. The analysis, based on available research, supports the theory that the most loyal group of media users is most likely to be influenced by the content of the medium and the appeal of the medium is also more likely to contribute to the communicative value of the advertising.

Within the television audience, there are those viewers who often look forward to their favorite television programs. The same phenomenon prevails in magazines. For example, there are also readers of publications who check their mail or newsstands waiting for their favorite magazines. Media audiences are comprised of different groups of people in terms of their interest in the various media. Within each medium the heavy media user group tends to be more loyal by virture of their frequency of exposure than the medium and light user group which has a more casual attitude toward the media.

The loyal audience of each medium represents those people who display the greatest involvement in what they watch and read. This can be measured by the frequency with which they use each medium. During prime time television, for example, the criteria for determining the loyal audience can be expressed by a viewing frequency of at least three out of the last four weekly program episodes. In daytime television, the loyal audience criteria is established at a frequency of at least 13 out of the last 20 daily program episodes. These measures of frequency characterize the heavy viewing groups.

An analysis of the Nielsen Program Cumulative Audience Report shows that *higher-rated programs have a larger loyal audience in terms of their repeat exposure or greater average frequency of viewing over a four-week period.* In fact, the size of the audience that views at least three of the last four telecasts of a prime time program is approximately *twice* the size for high-rated versus low-rated programs.

Prime time tv frequency comparisons

	Four week analysis			
Rating range	**Avg. rating**	**Tele-casts**	**Avg. freq.**	**%3+**
High (20.0-24.9)	21.9	4	1.9	29
Medium (15.0-19.9)	16.8	4	1.8	24
Low (10.0-14.9)	13.0	4	1.5	14

In daytime, a similar relationship ex-

"Of the 64 publications surveyed by Mendlesohn, the top four delivering the most affluent readers per copy are *Town & Country, Architectural Digest, Financial World* – and HBR."

Harvard Business Review
New York, NY (212) 972-0740
Boston, MA (617) 495-6182

ists between high-rated and low-rated television programs. Again, it is observed that the daytime audience that views at least 13 out of the last 20 episodes of a particular program is double that for high-rated versus low-rated shows.

Daytime tv frequency comparisons

	Four week analysis			
Rating range	**Avg. rating**	**Telecasts**	**Avg. freq.**	**%13+**
High (8.0-9.9)	9.1	20	6.1	19
Medium (6.0-7.9)	7.0	20	5.9	8
Low (Under 6.0)	4.0	20	4.1	9

What is the significance between high-rated and low-rated programs among viewers? Over the years, research has indicated that high-rated television programs have a definite advantage in terms of program appeal and commercial effectiveness over low-rated programs. A TV-Q self-defining measurement of viewer's response to television programs expresses viewer interest by asking respondents to rank television programs of their favorites. The highest ranking is expressed as "One of My Favorites." This measurement reveals that high-rated programs have almost twice the concentration of viewers who rank the program as a "favorite" compared to low-rated programs.

Prime time tv-q comparisons

Rating group	Avg. rating	% of Avg. audience audience who consider "One of my favorites"
High Rated	27.2	59
Medium Rated	19.3	43
Low Rated	10.6	30

Another significant factor from additional research provides evidence that people who regard a program as "One of My Favorites" react more positively to the program *and* to the commercials within that program.

"Favorites" vs. "non-favorites" analysis

Program measurements	"Favorites"	"Non-Favorites"	Favorite advantage
% Viewing entire program	91	61	49%
% Recalling program highlights	58	32	81%
% Viewing only — no other activity	76	41	85%
Commercial measurement			
# Commercials viewed attentively per ½ hour	2.1	1.1	91%
# Salespoints recalled per 100 respondents	27	18	50%
% Recalling commercials	66	46	43%

A further tv-q study cross-referenced media exposure with advertising response to demonstrate the advantage of program "favorites" in terms of commercial effectiveness. A total of seven advertised brands were studied. The findings indicated commercials placed in programs which were regarded as "One of My Favorites" generated significantly higher gains in brand awareness and brand usage.

"Favorites" commercial effectiveness analysis

	Seven brand average
Brand Awareness Gain	+27%
Brand Usage Gain	+37%

While we have been able to demonstrate a positive relationship between rating level and loyal audiences, it should be pointed out that program type can also be a factor.

To demonstrate, two different types of programs were selected with a similar household rating size to control for rating level. The analysis reveals that program types with equal ratings in both nighttime and daytime television can also produce different results in terms of their concentration of loyal audiences.

Prime time tv loyal audience analysis by program type

	Four week analysis			
Program type	**Avg. rating**	**Telecasts**	**Avg. freq.**	**%3+**
Drama (all types)	17.7	4	2.0	31
Situation Comedy	17.6	4	1.7	21

Daytime tv loyal audience analysis by program

	Four week analysis			
Program	**Avg. rating**	**Telecasts**	**Avg. freq.**	**%13+**
Days of Our Lives	6.0	20	6.3	20%
Wheel of Fortune	6.0	20	5.0	14

It is apparent from the information compiled, that people exhibit a greater loyalty to their favorite television programs and more frequently view these programs. The "loyal audience" compared to the occasional viewer is also more effectively reached through these programs as indicated by their attention to commercials within the program and their recall of the commercial. Most interesting, also, is that higher rated programs have a greater proportion of loyal audience viewers. Perhaps this can be explained by the fact that these programs receive their consistently higher ratings through a greater number of loyal viewers who come back, time after time, to watch the program. While most of information examined has focused on television, the loyal audience theory can be applied to other media as well.

In magazines, for example, the primary readers of a publication are its paying customers. An editor almost always designs a magazine to appeal to the primary paying reader. While total audience measurements in syndicated research include both primary and pass-along readers, these studies have also demonstrated the value of the primary reader over the more casual pass-along reader.

In the 1976 Simmons Study of Primary and Pass-along Readers, respondents were asked whether they felt a particular magazine "provided information extremely well." The study showed that primary readers have a 50% advantage over pass-along readers in their opinion of the information presented. An earlier study conducted by the Roper Organization in 1963 among readers of four women's magazines asked readers "whether they obtained and used ideas" from specific publications. Again, the primary audience held an impressive advantage.

Response to editorial material

Simmons Study (1976)	Primary reader (%)	Pass-along reader (%)	Primary reader advantage
Provided information extremely well	33.9	22.4	+51%
Roper Study (1963)			
Obtained, used ideas	52	33	+58%

The primary reader also reads a magazine on more different days. Four studies conducted by different organizations support this repeat pattern of reading behavior.

Reading day patterns

	Primary reader (Days)	Pass-along reader (Days)	Primary reader advantage
Roper Study (1963)	4.2	2.5	+68%
Politz Study (1964)	3.2	2.1	+52%
Simmons Study (1976)	3.0	2.1	+43%
TGI Study (1978)	3.3	2.2	+56%

The research evidence is also consistent in showing that primary readers spend more time with the magazine.

Time spent reading

	Primary reader (minutes)	Pass-along reader (minutes)	Primary reader advantage
Politz Study (1964)	136	79	+72%
Simmons Study (1976)	108	67	+61%
TGI Study (1978)	98	63	+56%

It follows, therefore, that with primary readers spending more time reading, they also have a greater opportunity to see the average page of advertising. A study by the Politz organization in 1966 of twelve magazines reported better than a two-to-one advantage for primary readers.

Advertising page exposures

	Primary reader (# Exp.)	Pass-along reader (# Exp.)	Primary reader advantage
Politz Study (1966)	2.5	1.1	+127%

Furthermore, there are two additional studies which have demonstrated that the primary reader is more responsive to advertising. The Reader's Digest Study (1969) indicated that the primary audience (75% of the Reader's Digest total audience) accounted for 98% of reader inquiries received by seven durable goods advertisers. And the results of a *Fortune* Magazine Study (1970) were so stunning, that the research became known as "The 80-20 Rule." The primary readers (20% of the total) accounted for 80% of the reader response to a variety of offers in forty-one business-oriented publications.

Certainly, there are many elements which impinge on the selection and scheduling of media. All of these factors must continue to be examined in the formation of the advertising and media plan.

It is our intent, therefore, to suggest that "The Loyal Audience Theory" is a concept which can be useful, in addition to other considerations, in the media evaluation process.

"The Loyal Audience Theory" indicates that each medium consists of different kinds of people with different kinds of media behavior — from the highly involved heavy media user to the less interested, more casual segment of the audience. And, as demonstrated by several qualitative measures, the more loyal audience is also more responsive to both the content *and* the advertising within the particular medium.

Although there is less hard data currently in existence for radio and newspapers to verify "The Loyal Audience Theory" in these media, we believe that the same principles, nevertheless, apply. ■

ATTENTION
MEDIA PLANNERS!

The 1984 edition of the
Eight-Sheet Outdoor national
Rates and Allotments book was
recently distributed to
almost 1500 national agencies
and advertisers who are regular
users of Eight-Sheet Outdoor.

If you prepare national or
regional advertising plans and
have not received your issue,
you may request a free copy by
writing on your company
letterhead to,

Eight-Sheet Outdoor
Advertising Association, Inc.
Box 457
Independence, MO 64051

Eight-Sheet Outdoor

Coca-Cola. Esa es!

Spanish spoken here?

Advertisers and agencies address the Spanish market, but do they have the right numbers? The proliferating and rapidly changing market is upwardly mobile, geographically diffuse and impossible to stereotype.

What does the Hispanic market mean to you?

1980 census figures put the legal population at 16 million. The undocumented population may range from three to eight million, bringing the total to as much as 24 million, one-tenth of the U.S. population. The traceable annual volume is a cool $60 billion.

Some mass marketers, intrigued by potential incremental sales, have since begun courting the market aggressively. The increased importance of the segment is perceptable even in Washington. Proposed legislation on immigration died in the House earlier this year, and is unlikely to be resurrected in an election year. Political pundits see the ethnic group as a major target for votes, especially by Republicans, who have a poor track record with women and other minorities.

Political tendencies of the segment, however, hint at the complexity beneath linguistic homogeneity. Cubans, for example, tend to be Republican because of strong anti-communist sentiments. Puerto Ricans and Mexicans, on the other hand, are heavily Democratic.

Other disparities point to an increasing segmentation within the U.S. Hispanic community.

Unemployment figures show a consistently higher level for this group, compared with the U.S. Bureau of Labor statistics mean (15% versus about 8%). But the number of Hispanic owned business has risen from 220,000 in 1977, with annual receipts in excess of $20 billion, to about

290,000 in 1983 with annual receipts approaching $30 billion, according to Jesus Chavarria, publisher of *Hispanic Business Magazine*.

Hispanic median income across the country is substantially lower than the U.S. mean of $22,500 for a non-farm family of four — hovering at $13,500. Chavarria, on the other hand, points to the Hispanic communities in Miami, where mean income is $26,000, and San Francisco, $35,000.

Nor can the common language characterize Hispanics as a homogeneous group. According to Fermina Platon of J. Walter Thompson's Hispania division, 23% speak only Spanish and an additional 20%, only enough English "to get by." While the more upscale segment of the market tends to depend less on Spanish-language media, there is no correlation between language preferences and income level. Language, according to Guy Antonioli of Ed Yardang & Associates, is simply correlated to arrival from the country of origin.

Mass marketers have seized on the similarities that span the group. Hispanics are more brand loyal than any other segment. At least one third are under 25 years old. The high fertility rate is reflected in high indices for baby-related products and household items. The Hispanic population is highly concentrated in a few urban centers: 66% of the total live in the top 12 ADI's.

Media options

Media available to reach Hispanics in their own tongue have been increasing. SIN, the Spanish International Network, covers the country with 241 affiliates. Independents in markets like New York, Chicago and along the Mexican border increase availability. Full-time cable stations in Texas add a further means for the advertiser to buy locally, according to Bibiana Grau, media director of Conill Advertising.

Grau estimates that there are between 120 and 125 full-time Spanish language radio stations, and countless others that offer part-time Spanish programing. In Miami alone, she says, there are eight Spanish-language radio stations, some of which have higher ratings than the English-language stations in that market.

Car ownership	Hispanics	General Population
Own at least one car	73%	82%
Own one car	46%	46%
Own two cars	22%	28%
Own three or more cars	5%	8%

Source: U.S. Census (latest published figures)
(NOTE: These figures pertain to the declared Hispanic population of 16 million).

Print options include five major dailies, numerous weeklies in the major markets and a magazine list that spans the range from *The Ring*, for boxing afficionados, to *Selectiones de Reader's Digest*.

Advertising to the market has undergone substantial changes with the increasing perceived importance of the segment.

"More people are accepting the Hispanic market," say Ed Yardang's Antonioli. "They see the great marketing opportunity and realize that the market is here to stay."

One problem marketers have had, he notes, is that there is little data available, and what there is, often doesn't coincide.

"But what is certain is that the Hispanic market is a young one, with a terrific opportunity for creating brand loyalty," he says, referring to the tendency toward high brand loyalty among the group.

"Traditionally, Hispanics will not change unless they perceive a very good reason for a switch. Advertising has to address that point. Ten years ago," the base line for marketers, "advertising was simply English-language spots dubbed into Spanish.

"The advertisers began developing their own spots specifically for Hispanics. But they were still translating with a dictionary and, even when using Hispanic actors, often didn't get the situations right. The spot has to be culturally relevant.

"The current overall state is producing meaningful spots, with Hispanic actors, Hispanic situations and diffusing these through Hispanic media. This is a great improvement."

Ed Yardang, he explains, takes the process one step further.

"We create Hispanic campaigns that strategically complement the English language campaign, but that can also stand alone. Depending on the brand and the target market, we may even use both English and Spanish-language media to reach the market."

He cites work done for Coke, in which the advertising depicted a Spanish block party or fiesta. He points to the importance of portraying the Hispanic community in action accurately. The spot was made in Spanish for Hispanic media, and ran on English language television with the same cast but English singing. Antonioli terms these spots, "ethnocized English language spots."

Part of the reason he does not shun Anglo media in search for the Hispanic target, he explains, is that the American Hispanic has essentially two identities. Hispanics are receptive to Spanish and English language broadcasts, he notes, and are impacted by both.

Showing an ethnic spot on mass media also bolsters awareness of the segment.

"Miller does the same thing," he continues. "In addition to the campaign they have running on Hispanic television, they have spots running on Anglo television under the same umbrella."

Antonioli feels that too few marketers have approached the Hispanic community intelligently. "You can't afford to leave out 10% of the consuming population. Especially with the cost-efficiency of Spanish media."

Advocating "culturally relevant advertising concepts, balanced by innovative media buying and strategy," he explains the method Ed Yardang has developed to reach the market.

"Hispanics aren't that difficult to reach, because they are highly concentrated. On the other hand, they aren't that easy, either. The population make-up varies with city and region. Depending on the target, we divide each market by degrees of assimilation. We use data compiled from different sources to come up with our own figures. We call it 'generational language assimilation,' and rate the market on a one-to-three scale. The more toward one, the greater the dependence on Hispanic media."

The calculation is a correlation based on variables like legal status, education, age, sex and socioeconomic base . . . "and anything else available."

Despite the differences, he continues, "you have to look at the cultural/attitudinal similarities that exist among all Hispanics when you are developing advertising. You have to use their heritage to address them."

Some companies have been misled by the differences between groups according to country of origin, he says, and think that a specific market must be addressed "with a distinct creative product." This leads to unnecessarily high production costs, and many have abandoned their efforts, "because it's too much of a hassle."

Lionel Sosa, who heads Sosa & Associates out of San Antonio, has taken the technique he developed while at Ed Yardang, and added another level of sophistication. He explains that the refinement allows greater pinpointing of the upscale segment.

"In the top 33 Hispanic markets, we look at the three levels of acculturation based on media consumption, language use, education and income. The overwhelming factor is language use. A Hispanic who uses Spanish with co-workers, children and parents is in group one. People in that demographic tend to cluster together in 'safer neighborhoods.' They are not in the American mainstream.

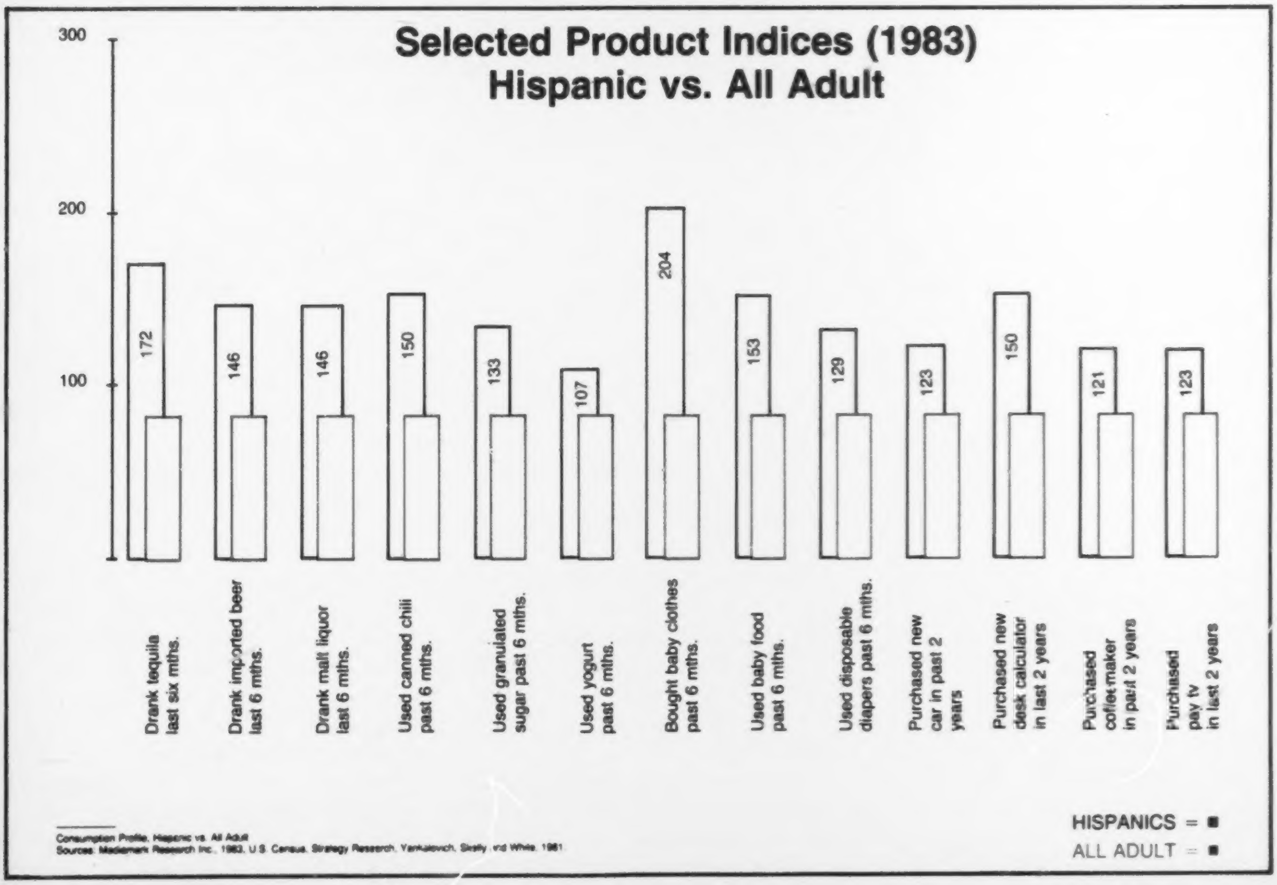
"At the other end is the Hispanic who speaks English with co-workers, children, and most important, with parents. When you add education and income factors, you can then pinpoint class more accurately and look at significant product profiles. The key to this breakdown isn't where Spanish and English are spoken, it's with whom."

Sosa notes that most firms base mailings on Hispanic-surname lists. "This kind of mailing list doesn't tell you anything about the criteria we have established. We look at zip codes and telephone exchanges, especially to pinpoint where the 'threes' live."

He describes the work the agency has done for Canadian Club.

"We used outdoor as the primary medium to maximize impressions in Hispanic neighborhoods. We know where the upscale Hispanics were living in each market. We placed the outdoor with messages targeted to the group. Often, the copy for campaigns such as these are in English; the subtitles are in terms of the model, perhaps, or the overall look."

In the case of Canadian Club, Sosa says, the outdoor advertising was placed in Group two neighborhoods, by overlaying residency information from the Census and outdoor maps. The Group three area, he notes, tends to be more Anglo than Hispanic. "It would be inefficient to put billboards there. The impressions would be wasted."



Selected Product Indices (1983)
Hispanic vs. All Adult

Consumption Profile, Hispanic vs. All Adult
Sources: Mediamark Research Inc., 1983, U.S. Census, Strategy Research, Yankelovich, Skelly and White, 1981

Instead, he says, the mailing lists, refined by zip codes and telephone exchange information, targets the Group three Hispanics living in predominantly Anglo neighborhoods.

For radio, but especially for television, Sosa advocates the ethnocized English language spot he developed while at Ed Yardang. The key to successfully combining the market with the appropriate message, he says, is the formula his company has developed to calculate grp's against the Hispanic population.

"This is very important," he says, "because media preferences change parallel to changes in language use."

Mass marketing

By now, however, the Hispanic population has grown into a definable market, with an annual growth rate of 6.5% greater than the rest of the population. Abbott Wool, executive vp, director of marketing services at Robias-Rodriguez-SAMS, explains how media preferences can be used to select from available channels.

"Radio is generally considered the strongest medium, because it is locally originated in many more places within the Hispanic market, than television is. This, and the concentration on local events within Spanish language programs, make it more effective on a local basis.

"In any market where Spanish-language television and radio are head-to-head, like New York, television is the stronger selling medium." He notes that these distinctions hold for the majority of advertisers gearing toward the segment, who proffer mass items.

"Most products are not upscale. Procter & Gamble, Colgate, Sears, all those major advertisers to this market, are selling and advertising basics." He notes that the tendency toward brand loyalty is bolstered by a marked preference for top-of-the-line products and a disdain for couponing, characteristic of the entire segment.

Advertisers follow the high consumption indices for certain goods. Wool says, "By observation and measurement, the market is shown to be heavily upwardly skewed on beer. The biggest advertisers on a single brand basis are the beers, led by Budweiser with a budget for the market between $3 million and $4 million."

The main distinction print offers, Wool continues, is its ability to address the market regionally. "Many Hispanics are now getting educated in English only, although Spanish is spoken in the home. You can use print for finer targeting."

Outdoor is more effective in this market than in any other. "Outdoor gets a larger share out of total Hispanic media expenditures, than out of total media expenditures," Wool says, explaining that transit routes through Spanish neighborhoods, subway stations, and neighborhood billboards provide great selectivity based on the population concentration. Advertisers in this medium include Cafe El Pico, Michelob and Borden.

Conill's Grau says that the major advantage to using Hispanic language media is "that there is no waste. Hispanics are highly concentrated. They aren't living in the suburbs."

THE TOP TEN HISPANIC MEDIA MARKETS

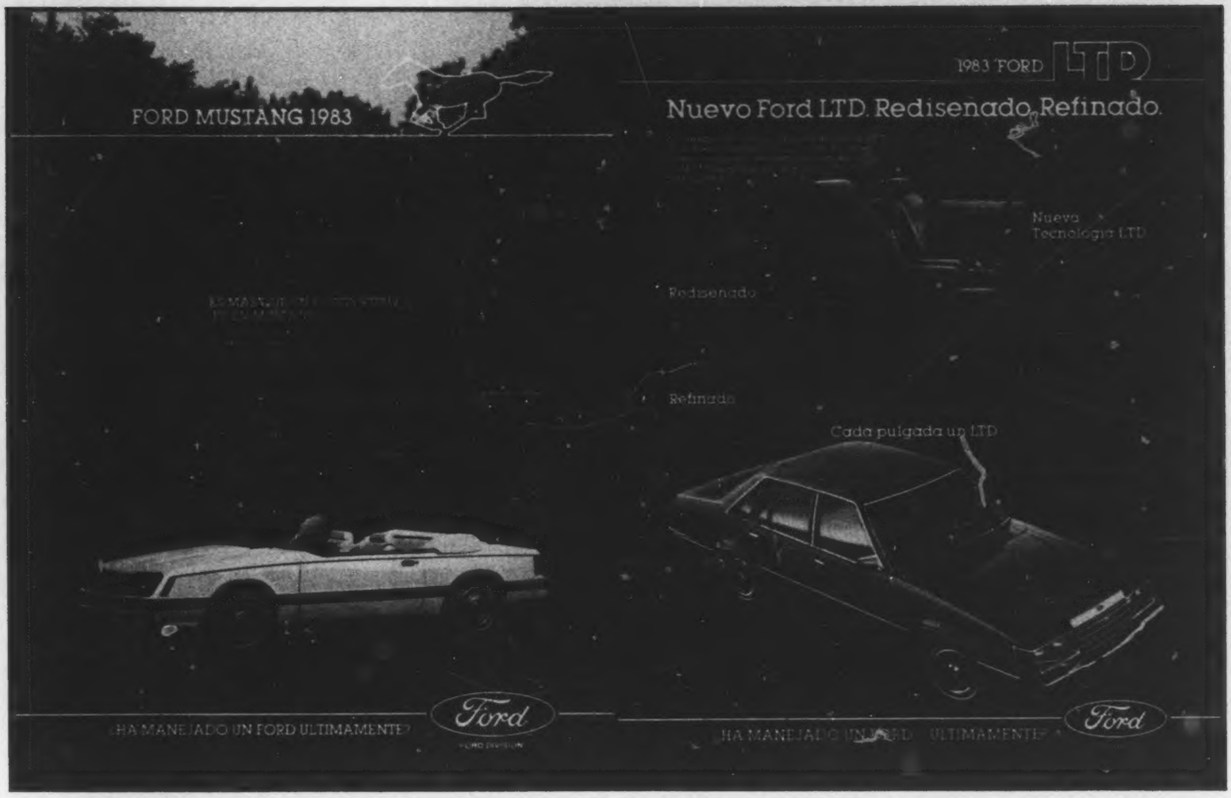
		% Total Metro population
1. Los Angeles	$38.5 million	34
2. New York	$36.0 million	30
3. Miami	$30.5 million	44
4. San Antonio	$11.0 million	61
5. Chicago	$10.0 million	10
6. San Francisco/ San Jose	$ 9.0 million	16
7. El Paso	$ 4.8 million	84 (includes Juarez)
8. San Diego	$ 4.5 million	38 (includes Tijuana)
9. Phoenix	$ 3.1 million	21
10. Fresno	$ 3.0 million	31 (includes Madera, Visalia)

This $150.5 million represents 65% of total media expenditures toward that market. The estimate for the total covers the top 30 Hispanic markets.
Source: *Hispanic Business Magazine*, December 1983. Reprinted with permission of *Hispanic Business Magazine*, the Santa Barbara based magazine.
Source: 1980 Census

TOTAL EXPENDITURES, 1983 HISPANIC MARKET ADVERTISING EXPENDITURES (SPANISH LANGUAGE), BY MEDIA

National television	$40.5 million
National radio	$30.5 million
Local television	$40.5 million
Local radio	$50.0 million
Independent television	$11.7 million
Print	$23.0 million
Outdoor	$ 6.0 million
Promotion	$20.0 million
Transit	$ 2.2 million

The total, $222.4 million, reflects advertiser dollars spent in Spanish language media. It does not includes monies spent in Anglo media to reach Hispanics.
Source: *Hispanic Business Magazine*, December 1983. Reprinted with permission of *Hispanic Business Magazine*, the San Barbara based magazine.


FORD MUSTANG 1983
¿HA MANEJADO UN FORD ULTIMAMENTE?
Ford
1983 FORD LTD
Nuevo Ford LTD. Redisenado. Refinado.
Nueva Tecnologia LTD
Redisenado
Refinado
Cada pulgada un LTD
¿HA MANEJADO UN FORD ULTIMAMENTE?
Ford

AS AN EXAMPLE of Ford's targetting efforts, the Mustang ad ran in the boxing magazine, *The Ring*, and the LTD ad did not.

At the same time, she says, "media work needs creativity. You can't buy and plan media the same way you do English-language media. There aren't as many tools, since Nielsen and others don't measure the Hispanic market well with their methodology."

She explains that the most important aspect of buying for this market is "familiarity with the media." The media, she says, is there: "you just have to know how to use it effectively and efficiently." She notes that these criteria must be kept in mind, since English language media do reach Hispanics, but not as efficiently.

"Hispanics browse through English-language media, but they buy through Spanish language media."

Grau, who has worked on accounts for Pepsi, McDonald's and Scott Paper, gives an example of the type of knowledge the market demands.

"We got an account that had been using Spanish-language television in the Chicago area through another agency. The agency claimed that they were getting prime time in Chicago, under the impression that Spanish prime time was the same as Anglo. But Chicago prime time is 4:30 p.m. to 6:00, because that is when the highest rated programs run.

"The two most popular novellas, or soap operas, are in that time period. Novellas are the most popular program overall; they generate a very loyal audience, because they are similar to the programs in most countries of origin. The second most popular form of programing is the news."

She adds that marketing must be creative as well. The most effective campaigns, she notes, echoing Antonioli's recommendations, are those that run parallel to the general campaign. "You don't want to confuse the market. You have to be consistent and have the same message."

Most Conill clients, she says, have heeded the results of the 1981 Yankelovich study, which show media preferences heavily skewed toward television. "68% of Hispanics watch Spanish language television. Since the medium has improved since then, we expect that the results of the 1984 study will be even more favorable.

"Radio is on a par with television because it plays an important role in the daily routine. For Hispanics, it's the music you don't hear on Anglo stations, and information about community affairs. There is a very heavy reliance on radio stations in these communities. People will frequently call a station to get telephone numbers."

J. Walter Thompson's Fermina Platon says Hispanic media is most effective for reaching the 50% of the population that overlap with English, in addition to those who prefer Spanish. "In as much as the advertising is appearing in a relevant environment, the effectiveness is much greater."

She says that for Ford, one of the advertisers with the agency, media is only half of the picture. "This market demands an emotional understanding that you can't get from the general marketplace point of view."

Media selection is very time consuming, she says. "We go back and forth between the stations, the markets and the agency. The top 30 markets represent a national campaign, but since there are no syndicated studies, all the calculations have to be done by hand. We are working more closely with the media, than for other market

Occupations of Hispanic and all workers, by sex: 1981

(Numbers in percent of total workers, by sex)

Occupation	All workers		Total Hispanics		Mexican American		Puerto Rican		Cuban	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Professional and technical	15.9	17.0	7.7	8.8	5.7	8.0	8.5	11.6	12.9	9.9
Managers, Administrators	14.6	7.4	7.8	4.7	6.3	4.3	6.9	6.1	14.5	5.5
Sales	6.1	6.8	3.1	5.1	2.6	5.2	2.6	3.0	6.2	4.9
Clerical	6.3	34.7	6.4	31.9	5.0	32.4	13.1	36.4	9.4	31.9
Craft and kindred workers	20.7	1.9	20.1	2.4	20.9	2.5	15.4	2.5	20.7	2.2
Operatives, except transport	11.1	9.7	18.9	22.0	20.2	21.6	20.6	25.8	12.5	29.7
Transport equipment operatives	5.5	0.7	6.6	0.4	6.8	0.5	6.2	0.5	6.6	—
Nonfarm laborers	7.1	1.3	10.9	1.6	12.7	2.2	8.5	0.5	7.4	1.1
Service workers	8.9	19.4	13.3	21.4	12.2	21.1	17.6	13.1	9.4	14.8
Farm workers	3.9	1.1	5.2	1.6	7.5	2.5	0.3	0.5	0.4	—

Source: Roth, "Hispanics in the U.S. Labor Force"

Trends in political preference

			Place of origin							
	Total		Puerto Rico		Cuba		Mexico		Other Hispanic	
Political Party	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.
Democratic	41.1%	39.0%	49.8%	44.7%	25.8%	27.5%	45.2%	43.0%	40.0%	37.2%
Republican	28.2	30.1	20.5	23.5	48.3	43.0	24.9	28.7	21.6	25.0
Other	4.4	5.0	4.0	3.8	2.5	3.0	3.7	5.4	8.4	6.9
None	9.7	8.2	10.3	13.6	6.0	6.5	7.8	3.7	17.4	16.7
Don't Know	16.6	17.7	15.4	14.4	17.4	20.0	18.4	19.2	12.6	14.2
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: U.S. Hispanic Poll©
Strategy Research Corporation

segments. It's a grass-roots approach; we attack it from a media point of view and an advertising point of view."

The mixed nature of the different markets, she adds, demands an in-depth knowledge of each.

"These markets aren't faceless. I know the character of each, from country of origin, to composition according to different standards."

Jesus Chavarria, publisher of *Hispanic Business Magazine*, claims that as much as 40% of the census registered Hispanic population is "second-tier," as he calls the upscale portion of the market. While other sources, such as the League, of United Latin American Citizens, a Washington lobbying group, feel the figure is much lower, Chavarria points to the results of surveys conducted by his publication to support his claim.

What is particularly distinct about this second tier, Chavarria explains, is that it does not rely on Spanish language media to the same extent as the bulk of the market. Upscale Hispanics tend to be the most fluent in English, with media consumption patterns that have evolved to match consumption of other goods.

"This is an interesting marketing problem," he says, noting the problem for upscale marketers in targeting the segment. "Most corporate clients are beginning to sense the appearance of this second tier, but they don't have an analytic handle on it yet. They don't have any idea of how to view it." Few marketers have ventured to segment the Hispanic market, he says, adding that specializing agencies have tended to characterize it as a homogeneous group strongly linked by a common language.

One of the few advertisers willing to perceive the second tier is the Ford Motor Company. Paul Sheridan, Hispanic advertising coordinator for the car manufacturer, explains that the company needs to define its upscale target within the market as a whole.

"We are halfway through a research study to evaluate our advertising and marketing approach. Right now, we are advertising on SIN (Spanish International Network) and ten publications, to reach the upper-income households. The profile is the same as for the Anglo market, so we have to be selective. We're not selling beer. We're after the demographic that can afford a new car or truck."

The research is trying to determine whether the company should develop separate Hispanic commercials for different regions and what language is most effective for reaching the targeted demographic. The general tactics espoused by marketers of mass products don't apply for big ticket items, he explains.

The vehicle purchasing patterns and preferences of different groups within the market are the main reason Sheridan is looking into the possibility of specialized spots.

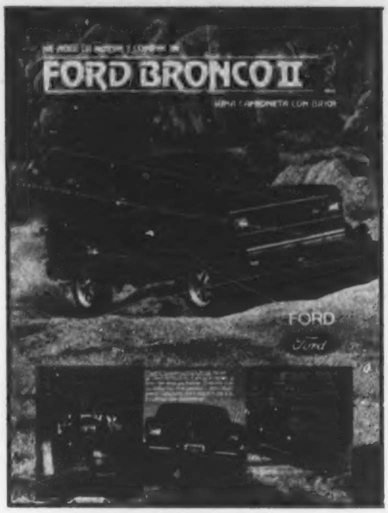
Out West, especially in the Southwest, Mexican-American demographic is younger than average. Sports cars, especially Mustangs, are very popular there. In other areas, the LTD's are popular, mostly because of the family sizes.

"For example, we have sensed that there is a higher desire for information in the Hispanic market." This observation comes from two factors, he says. Hispanics are aware that they are not getting the attention they deserve, and their strong tendency toward brand loyalty leads them to seek product knowledge.

This means that Ford advertising has to justify that the car is the best buy," he says, "to a greater extent than for the rest of the market.

Because of the specific nature of the desired demographics, Sheridan does not believe that use of Hispanic-oriented advertising in Hispanic media is a solution.

"We are currently testing our creative approach from two different angles," he says. On national media like SIN, the company uses Spanish voice-overs with Anglo cultural visuals. On the regional level, broadcast and print advertising is designed to reflect Hispanic values, traditions and language. One reason the company decided to adapt its general campaign with voice-overs, rather than designing a spot specific to Hispanics, is the dual identity, particularly noticable in the upscale segment. Sheridan notes that many spots designed by major marketers for Spanish-language television do not reflect otherwise high standards of quality on Anglo television.



ADS FOR THE BRONCO model appeared in sport enthusiast vehicles like *The Ring* and upscale publications.

"We are entertaining the idea that the national Hispanic spot be done the same way as the regional ones," he says, "but we're waiting to see what the research tells us about efficient use of language."

Sheridan says that the current media plan complements the marketing strategy in segmenting the Hispanic market. "We depend on the power of the national budget to support the regional advertising — the commercial approach can't be low quality. The national level has to be the same as the regional one."

One of the research results Sheridan is particularly eager for, is the efficacy of English versus Spanish. In some cases, he notes, the upscale Hispanic may perceive it as a stigma to be addressed in Spanish. He says that Ford was the only company running Spanish-language advertising in *Hispanic Business Magazine* before his tenure.

At the same time, advertising in Spanish seems valid for several reasons. There is no close correlation between the targeted income bracket and linguistic ability. There is a sizeable portion of the Hispanic market with dual language ability, who might be more effectively addressed in one language over the other. And, he notes, "Hispanics are trying very hard to hang on to their culture. Even among those in the business world — who use English at work — Spanish is often spoken in the home."

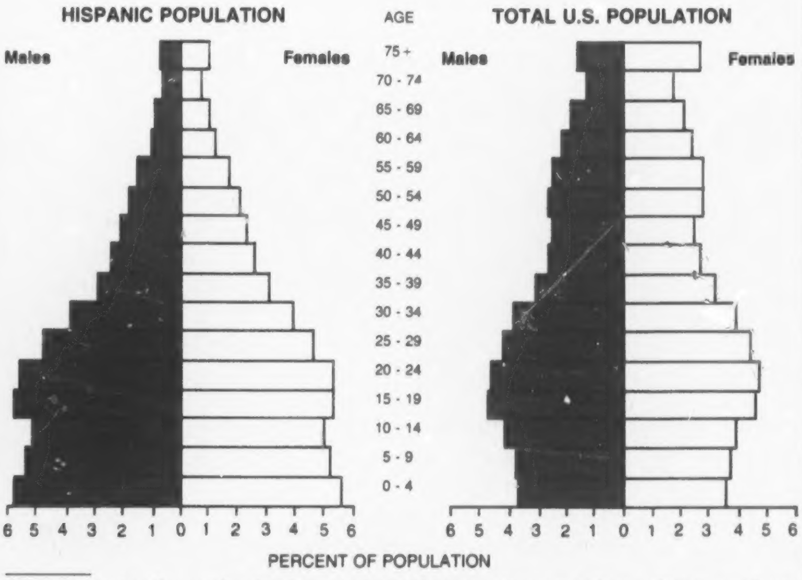
The research, he feels, will result in a "two-pronged attack." But the marketing and media will still remain a problem. "On the one hand, the fully integrated, upscale portion of the market is not dependent on Spanish language media. We can reach 50% of the market without any Hispanic advertising at all. On the other, there is that overlapping 50% of the market that can go either way, in terms of responsiveness to media. They spend half their time watching Spanish-language television, and spend half their time or more speaking the language. They are more comfortable in Spanish."

Who is upscale?

The eagerness of those working with the Hispanic market reflects the sense of potential. The growth rate of the segment, its high level of brand loyalty, and the overall perception of its permanence, reflected in media selection, promise the boost venturesome marketers have already begun to gauge.

Laura Jereski

Age-sex composition of the Hispanic and total U.S. population: 1980



Source: Bureau of the Census. "Age, Sex, Race, and Spanish Origin of the Population by Regions, Divisions, and States: 1980," *1980 Census of Population*, Supplementary Report, PC80-S1-1, 1981.

BRAND REPORT 93

Apparel

The recession is officially over, but consumers came back to the counter with careful purchase of conservative clothes. Women are buying skirts and dresses, passing on pants. The customer is looking for quality, manufacturers are out to fill the need.

If this year marks a trend, the hippie look is definitely out.

Today, men and women are buying apparel as if each clothing item were an investment. Their eye is on value and quality. But fashion still remains a priority, especially among women.

Women are beginning to prefer the feminine look over a pair of worn-out, comfortable jeans. Skirts and dresses are in. Pants are outdated.

"The consumer today is looking for

Media expenditures

	Total	Newspapers	New Sups	Net tv	Spot tv	Net radio	Outdoor	Spot Radio	Mags
J. C. Penney	$128,343.8	$100 million	—	$17,664.6	$ 4,580.1	$ .0545	—	$ 225.4	$6,099.1
Sears	100,000.0	70 million	$ 85.4	18,862.6	2,395.5	3,184.2	—	398.6	6,141.1
Jordache	16,112.0	1,326.2	963.1	—	11,550.3	—	$406.8	—	1,865.6
Levi-Strauss	19,594.4	602.9	132.9	5,700.1	6,947.3	839.4	503.6	1,667.4	3,200.8
Lee	6,870.6	90.3	66.0	694.1	4,581.4	318.3	2.1	544.5	573.9
Wrangler	9,557.2	—	—	8,272.8	1,193.4	—	7.0	55.2	28.8
Sergio Valente	3,961.5	102.3	66.7	—	3,408.1	—	274.0	80.0	30.4
Calvin Klein	6,291.0	436.8	298.6	—	3,555.9	—	409.3	—	1,590.4

Source: Leading National Advertisers, Media Records, Radio Expenditure Reports.

quality. They are buying fewer items but they are paying more for those items because they believe they will last longer," said Carl Priestland, chief economist of the American Apparel Manufacturer's Association.

Last year's poor sales of apparel, caused by the recession, have been reversed this year. Consumers have grown tired of cutting back on buying fashionable clothing.

"During January of 1983, consumers began to spend again. There is more emphasis now on brand names and there is a greater desire for flashier clothes, more vibrancy and brighter colors," said Ed Johnson, consumer economic forecaster at Johnson's *Redbook*.

"The emphasis is on a different type of apparel now however. There is more emphasis on investment clothing both last year and this year. For women, there is less of the men's business look. The women want more lace, more softness and more femininity in the way they dress," Johnson said.

As women begin to prefer dresses and skirts over jeans, Johnson notes that sales of women's jeans are off. At Calvin Klein, women's sales are off 30%, he said. Calvin Klein's men's sales have increased by 20%, but at Levi's, he noted, sales for the spring of next year are off for both men and women.

Advertising expenditures are up this year by approximately 20% as marketers seek to capitalize on the upward trend. During the first six months of 1983, apparel marketers spent $138 million in the six major media measured by Leading National Advertisers. Network television is receiving an increasing percentage of the media pie, stealing dollars away from spot television and from magazines.

Even the designer jeans marketers have increased their advertising budgets. Although most agree that the designer jean craze has ended, many top advertised brands, including Jordache and Sergio Valente report continued growth. But in a sign that the market may not be all that prosperous for designer jeans, many of the designers have branched into a wider range of apparel through licensee agreements.

Apparel marketers spend in a variety of media. Approximately 25% is spent in national magazines, 4% in newspaper supplements, 27% in network television, 24% in spot television, and less than 1% in network radio and outdoor. Newspapers receive approximately 15% of the overall apparel budget with spot radio, nearly 6%.

As many of the newcomers to the apparel market from the designer jean field begin to expand distribution beyond metropolitan markets on the coasts, network television is starting to pick up additional dollars in favor of spot television.

Despite the increased use of network, however, magazines, newspapers and newspaper supplements continue to be popular vehicles for making fashion statements and for segmenting the market.

Levi-Strauss

Seeking to shed its image as a complacent jeans maker, Levi-Strauss has mounted a major promotional/media package aimed at speeding up not only sales of the basic jean but other lines of sportswear as well.

Key to its strategy for gaining broad national recognition is the brand's sponsorship of the Olympics. That commitment began in 1981 and continues through the 1984 Summer Olympics in Los Angeles. Levi's sponsorship carries a price tag of $50 million, which includes the cost of outfitting teams and staff for the games, two promotions to build awareness of that sponsorship and media to support the outlay.

Levi-Strauss is spending some $18 million for advertising during the games on ABC. In addition, the marketer has bought a gatefold in *Sports Illustrated*'s guide to the games and a gatefold in *TV Guide*'s Olympic Viewing program.

Beside this corporate advertising theme, three of Levi's four apparel divisions are tying into the Olympics theme by tagging commercials with Levi's as the official outfitter of the games.

Sears

As of late, Sears has been refocusing more marketing muscle behind soft goods, with a particular eye toward apparel.

One of its major strategies has been to introduce a number of brand name items, including the successfully marketed Cheryl Tiegs sportswear line introduced in 1980. Sears also brought out a line of active wear clothes featuring a celebrity endorsement from tennis great Evonne Goolagong Cawley and a men's wear line endorsed by golfer Arnold Palmer.

Newly named advertising agency Needham Harper Steers (See related story, *Sears gets a face lift,* October 1983, pg. 59.) developed a highly effective campaign for apparel, "There's more for your life at Sears." That theme line has expanded into a corporate image campaign.

With more energy focused on soft goods rather than the store's traditional strength in hard goods, Sears is beginning to combat the growing strength of discount stores, which are doing twice the volume of the three retailers, Sears, Penney's and Wards, together.

Calvin Klein

Among designer jeans, the Calvin Klein name has enjoyed a high quality reputation based on its high end sportswear. But 75% of the designer's sales are from jeans.

Even as word has spread that the designer jeans craze has peaked, Calvin Klein has continued to show strength. Sales have been reinforced by a a smart marketing move last year to increase total advertising outlays while lowering the price of denims by 20%.

This year, however, Calvin Klein is reporting a 30% drop in jean sales to women, only slightly offset by a 20% increase in men's sales.

To counter the downward trend, Calvin Klein is increasing the budget for spot television and network television. Judging from first six months figures for 1983, Calvin Klein has cut the magazine budget slightly to allow for those increases.

The television commercials have proved to be highly memorable with beautiful models who depict modern-life situations while reciting the name, Calvin Klein, with a voice of grave importance.

Penney's

By far, the largest bill that Penney's pays to advertise men's and women's apparel is for newspapers. The giant retailer spends over $100 million in the medium to advertise apparel, according to James Boynton, media manager. That $100 million represents 55% of the total amount Penney's spends in newspapers, he said.

Newspapers are placed locally market by market following instructions from the main office.

Sponsorship of the 1984 Olympic games is a major prong of Levi-Strauss marketing plans. These outfits were designed by the company, to be worn by the U.S. Olympic Teams in the opening ceremonies at Los Angeles. Outfits were chosen by consumers in a nationwide sweepstakes promotion.

The advertising budget is split between national and local. While the local budget contains funds for radio and some tv, Boynton said, the bulk of the local spending is in newspapers.

On the national scene, Penney's is a big believer in targeted publications and in network and spot television for efficiency, Boynton said.

Since Penney's has cut back on hard goods lines such as electronic equipment, the retailer has been able to afford greater time on network television, "which is more efficient for us," Boynton said.

Early this past summer, J.C. Penney introduced a unique womenswear collection created by Halston, more commonly associated with Seventh Avenue than with mainstream retailers. The line of contemporary sportswear designed for the working woman or modern housewife has been selling very well, according to industry sources.

Print ads for the Halston line began appearing in July in 21 fashion and service magazines. In addition, Penney's placed a heavy network television schedule to support the new label.

Sergio Valente

Sergio Valente spends to reach the 14-25 year old, the primary consumer of its embroidered jeans. The bulk of this brand's ad budget of nearly $4 million is allocated to spot television. Sergio buys dance programs that are popular with teens with additional buys in early and late fringe as well as occasional prime time and news.

Spot television ad dollars also are employed to reach the children's market, primarily on independent stations and Saturday morning television. Sergio Valente also spends a substantial percentage of the spot television market to reach Hispanics. It advertises on Spanish television in New York, Los Angeles and Miami.

Sergio Valente additionally spends nearly $1.5 million in spot radio. Use of the medium is particularly heavy during the summer months.

"During the summer, you can't reach the teens through newspapers or even through television. They're on the beach listening to the radio," said Susan Laskey, director of fashion promotion.

Spot radio is also used during the holiday and back-to-school periods.

Sergio Valente pinpoints specific targets in *Seventeen, Cosmopolitan, Penthouse, Ebony* and *Gentlemen's Quarterly*. An additional favorite is the New York *Times* magazine.

As with all the designer jeans, Sergio Valente spends a substantial sum in outdoor to take advantage of bold graphics.

Jordache

Jordache continues to be the heaviest spender among designer jeans. A good portion of its $16 million budget for 1982 was spot television in the top 35 markets. The heavy commitment to spot television should continue through 1984, according to Rachel Glickman, media coordinator.

Jordache also spends heavily in magazines, however. For the first six months of 1983, Jordache has already spent close to $1 million in magazines, among them several female oriented books, city magazines and lifestyle publications such as *People, Self* and *Sports Illustrated,* Glickman said.

Jordache also makes a big splash in newspaper supplements. It favors the New York *Times* magazine because it reaches both consumer and trade groups. Jordache gears up for multi-page color ads in fashion sections of the newspaper supplement.

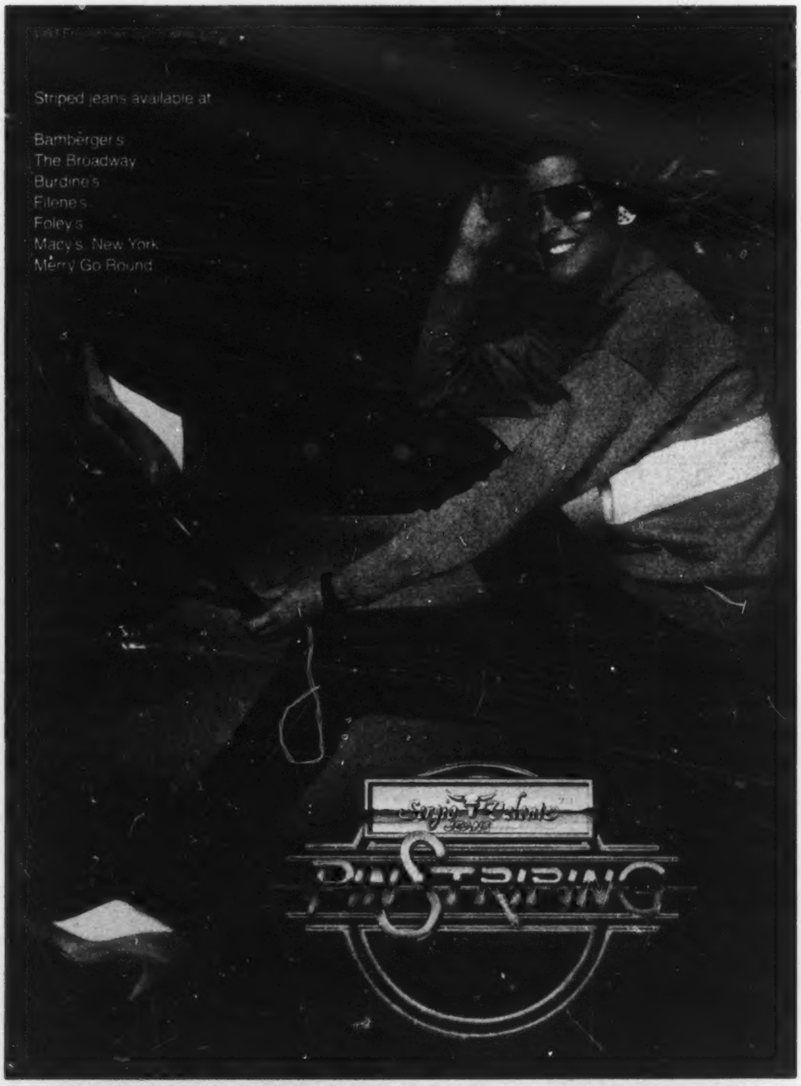
As newspapers across the country began to add fashion supplements, Jordache is evaluating their use, Glickman said.

Another alternative Jordache is considering is network television, she added, but no decision has been reached.

Jordache continues to use billboards as an effective way of showing up close how its jeans hug the body. First six month figures for 1983 show that the brand is employing greater use of outdoor than the previous year. In 1982, Jordache spent nearly $500,000 in outdoor.

Lee

The Lee brand is coming off an exceptionally strong year with sales up by more than 35%. The brand is benefitting from a gain in status as one of the best-cut jeans on the market, according to consumer economic forecaster, Ed Johnson, who studies the apparel market. Additionally, Lee has signed up a wider range of depart-



Sergio Valente's current campaign features pin stripe jeans. This particular ad runs in *Seventeen* this December, to reach the 14-25 demographic targeted for the brand.

ment stores which were displeased when Levi's began selling through Sears and Penney's. These department stores wanted exclusivity.

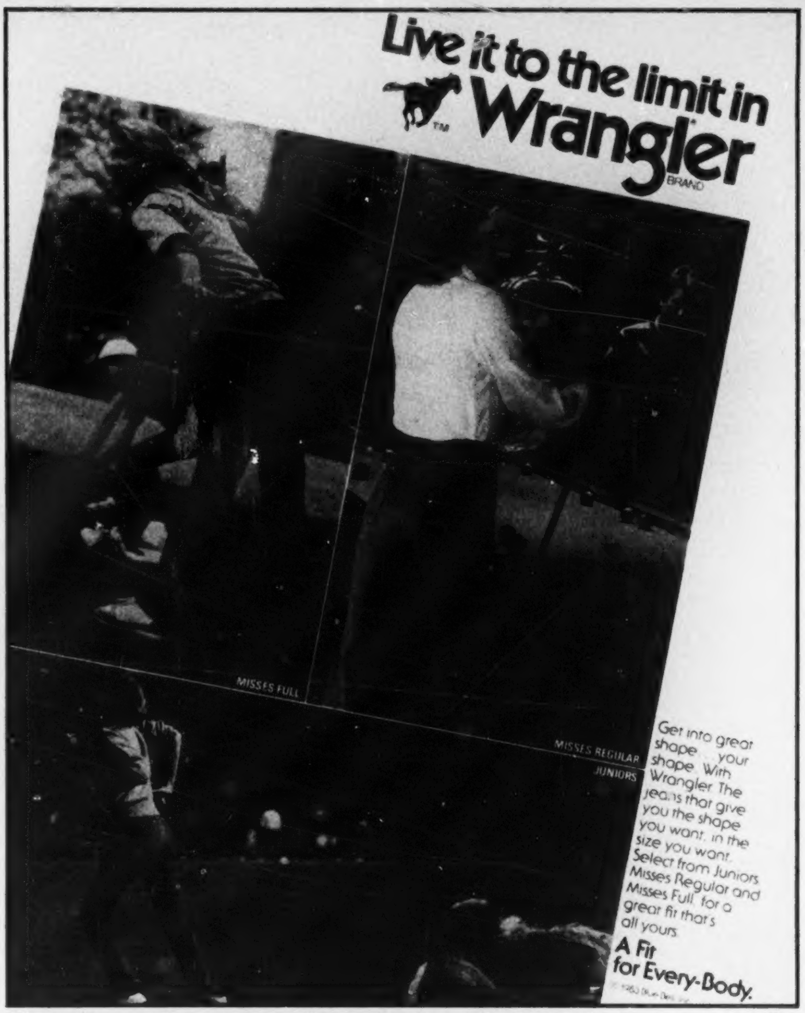
The Lee advertising strategy is brand recognition. That goal is basically accomplished through approximately $5 million in spot television. Lee is also looking to increase the television budget, according to advertising director, David Lowe. Lowe cites the Lee buy on the last episode of *MASH* as one example of the company's increased interest in net tv buys.

Lee also spends a sizeable amount, approximately $540,000 in spot radio. The radio campaign is for extra emphasis for teens.

Lee's print schedule includes *Boy's Life*, *Glamour*, *Seventeen* and *People*.

Among the alternative media Lee is evaluating is cable, especially such programing as MTV.

Carrying through with its attempt to gain higher brand recognition, during 1983, Lee used sports personalities to endorse the brand.



Get into great shape... your shape. With Wrangler. The jeans that give you the shape you want, in the size you want. Select from Juniors, Misses Regular and Misses Full, for a great fit that's all yours.

Wrangler continues to make major inroads in the jeans market with an ad theme that stresses the brand's fit and design.

Wrangler

This number two brand in the jeans market is pouring significant increases into the advertising budgets. In 1983, the media budget was increased 40%-50%, according to advertising director, Mike McAllister. McAllister said he anticipates spending at least another 35% more in 1984.

"From the standpoint of clutter, we need to spend more money," McAllister said. "Since 1980, we've shown that this is a consumer oriented company. In the 1970's we were manufacturing and trade oriented. Now we know that if we spend more money, we increase the sales. This is one business where the sales curves actually work," said McAllister.

Wrangler's primary medium is prime time television. The campaign is intended to reach men and women, ages 13-34.

Because of the erosion of network television audiences, however, additional funds are being allocated to alternative media, McAllister said. Wrangler is advertising on MTV for extra emphasis to young adults and teenagers. It also has syndicated several country/western shows.

Teens are also pinpointed through programs on network radio and through specific schedules in *Teen* and *Seventeen*. Females are reached through *Cosmopolitan*, *Self*, *Vogue*, *Glamour*, *Mademoiselle* and *Working Woman*.

While McAllister acknowledges that Wrangler was hurt by the designer jeans phase, he notes that the brand has since picked up additional business from people who may never have bought jeans before. Indeed, Wrangler has increased its market share by 50% since 1979, he said. Wrangler's however still trails Levi's, which has sewn up 25% of the jean's market. Wrangler has a 13% share.

Conclusions

As consumers begin to look at new ways of dressing, casting aside their blue jeans in favor of dress pants and skirts and blouses, smart marketers are beginning to capitalize on the trend.

With more consumers conscious of brand names, dollars are being spent for brand recognition.

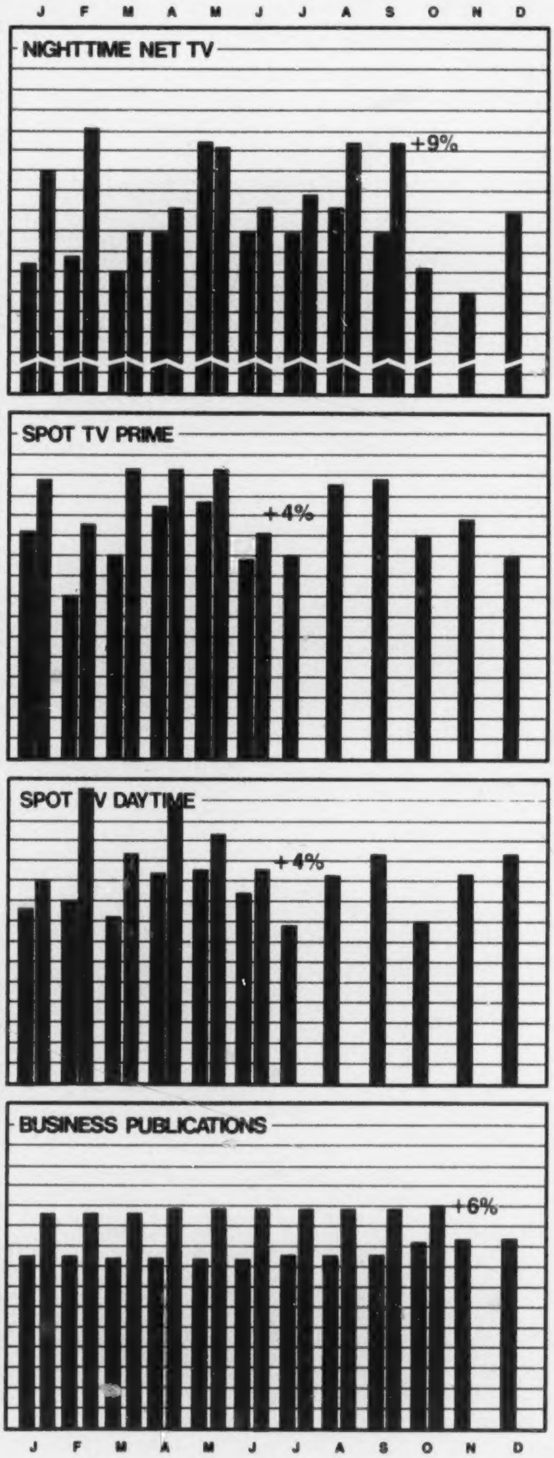
While Sears has introduced several private labels, the designer jeans marketers are seeking to expand their franchises into other lines of sportswear while maintaining a respectable share of the jean's market.

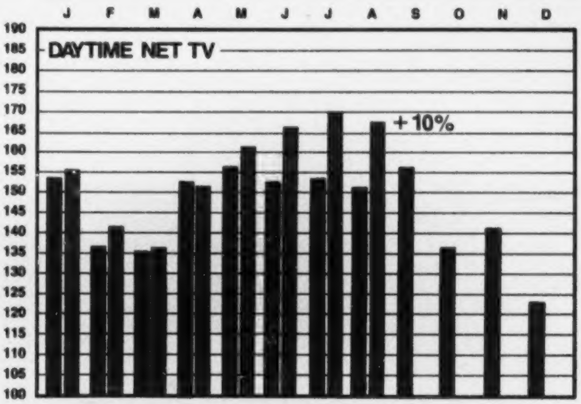
Meanwhile, there is a battle emerging between department stores and discount houses. As discounters capture a greater share of apparel sales, major marketers will need to spend more wisely their substantial media dollars to encourage consumers to buy during a recession and to prompt them to continue to buy brand names.

Rebecca Fannin

MEDIA COST INDEX

Black bars index for 1982; color bars 1983; base year 1977





The Cost Index shows comparative data for nighttime network and daytime tv, magazines, newspapers, supps, network radio and outdoor posters. With this issue, updated data is available for spot prime and daytime tv. Data for spot radio is still unavailable.

Spot prime tv appears on the chart with the December issue, and shows prices up 4% in June over the previous year, but down in trend for the first six months, which prior to June had been fairly strong.

Nighttime network tv is charted through September and showed strength as the third quarter ended with a 9% rise over close of 1982 third quarter.

Daytime network tv posted a 10% gain for August, continuing a strong trend through a traditionally weak third quarter.

National supplements also held their continuing 15% gain through October, while newspapers maintained a 6% climb in September.

Network radio managed a 5% in August to pick up slightly over the previous month.

Business publications held steady with the 6% increase that has been evident throughout the year. **Outdoor** demonstrated the same price stability as it posted another 6% gain over the September of 1982.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

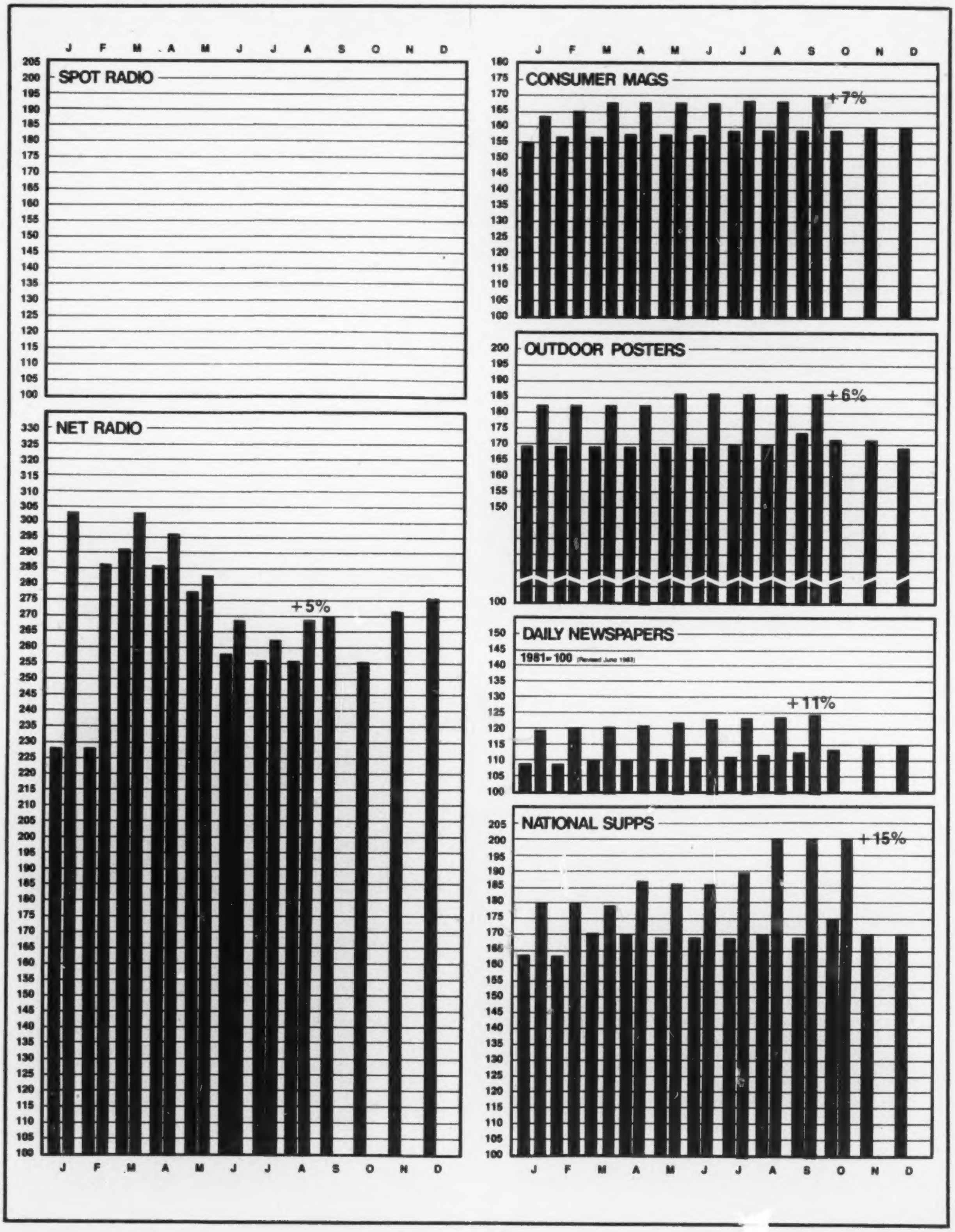
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977



CABLE RESEARCH (from 59)

The Cable Audience Measurement Study (CAMS), conducted by the A.C. Nielsen Co. and released last spring, verified that diaries underreported cable viewing.

In response to that finding, both Nielsen and Arbitron are developing new diary forms. The form developed for monitoring broadcast viewing makes it difficult to detail viewing on 30+ channel systems. The CAMS Study also validates the telephone coincidental as an accurate way to measure share.

But concrete proposals for comprehensive cable audience measurement weren't forthcoming. Advertisers using or pondering the use of cable are up against two major questions:

- As the data now stands, how valuable is it for local and national planning?
- Can the research be improved to the point that advertisers now leary of cable would rate the data adequate for the development of justifiable plans?

New electronic media maven Bill Donnelly raises the question of relative value in cable research, and asks whether advertisers and agencies would ask of established media the fine tuning they are demanding from cable research.

"What is the real difference between a 0.9 rating and a 1.2 rating for competing cable networks, say, with an audience of 15 million. Is the significance of that data of an order of magnitude to justify substantial dollars in research?" he asks.

"I think a lot of the people complaining about the results of research in cable are afraid of cable or selling against it," he suggests. Donnelly also proposes that audience ratings are seldom the real reason for buying cable. "For example, the ethnic networks — the numbers are meaningless. The reason to do it is to say you're on it. A lot of reasons for being on cable don't demand a lot research."

But on the other side of the issue, he admits that the financing of cable research has been on a small scale because they may fear what the research will show.

And who should pay for it? "The media always pay for it," Donnelly contends, not the agencies and the clients. "Ted Turner did it going in. Research is part of the cost of doing business."

Donnelly also believes there needs to be some changes in methodology. He finds an increasing acceptance of telephone coincidentals after years of doubt. "Telephone coincidentals are looking like a more valid methodology," he said.

But with the growing demand for more meters on both Nielsen and Arbitron, Donnelly believes "the normal pressures will create better numbers for cable."

William Behanna, at A.C. Nielsen, acknowledges that research is being conducted for a number of smaller cable systems on audience. But data for research is proprietary, and being distributed and exposed by the owners of the data, as, if and when they see fit. Until it finds its way into a central audience data bank it won't do advertisers much good.

However, Nielsen is making more comprehensive cable data available, with what it calls Cable On-Line Data Exchange, known by its acronym, CODE. The data base contains information on over 7,000 system headends. It provides listings of systems offering local advertising, spot rates, aggregate subscriber counts by headend, system, tier, county, state, cable network, region, franchise, national, or pay and basic tiers.

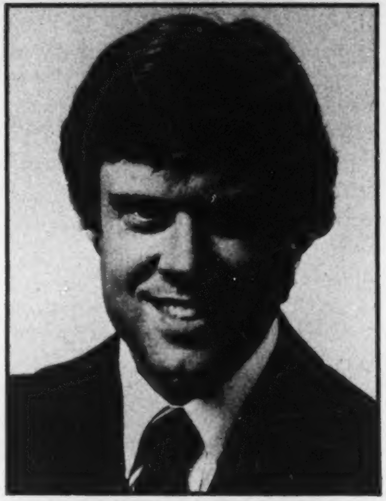
The data is retrievable by county, DMA, MSO, state or equipment directories.

Interpreting the data is not always an easy task.

Beverly O'Malley, vp, director, electronic media at Dancer Fitzgerald Sample, notes it has been difficult to break out the data in such a way as to get the total picture.

"When one combines both basic cable and superstation viewing, shares build to 12-13% in prime time in basic cable and households, and 11-18% in daytime. Previously, Nielsen did not break out superstation viewing separately; in fact, it was buried in the broadcast numbers."

She has put together a composite chart comparing non-cable households, basic cable households and pay cable households, showing the cumulative strength of cable.



"What kind of attentiveness level does *Business Times* have?"
Jay James, senior vp, video technology/programing, Doyle Dane Bernbach.

Richard Simon, vp, associate director of corporate broadcast D'Arcy-MacManus & Masius, finds the problem with cable research mostly affects the MSO groups and smaller systems.

"Cable groups that are big enough to have gotten in the Nielsen Index give us acceptable information because the Nielsen format and data are acceptable.

"The smaller groups haven't done enough, and probably won't be able to do enough to give us the ability to support their pitches. Something needs to be done to give us enough support information to use these systems."

Simon is encouraged by the Nielsen decision to ad meters, but disqualifies himself from being able to render a verdict on how many meters are enough. "I don't know if 1,700 is the right number in regard to adequate cable data. I don't even know if it's enough for measuring network ratings."

But Simon does acknowledge that with the current research data, it's often "not enough to justify the purchase of cable. Agencies put a lot of effort against cable, and currently, it's our loss leader."

Jay James, senior vp, video technology/programing, at Doyle Dane Bernbach, is satisfied with the quality and sometimes with the quantity of data coming in on the six major cable networks. But he notes that only two of them provide demographics in addition to household data, WTBS and ESPN.

"We'd like demos for all of them," he said. "But we see it happening more and more as the cable nets are measured, and we're getting the kind of information we need to make a proper buy. In fact, there's nothing stopping us now from making cable buys."

He would like to see, in addition, some attentiveness level data on cable programing. He cites as an instance, ESPN's *Business Times*, which has a small rating. "But what kind of attentiveness level does it have? Does that audience really pay attention? Is there less commercial zapping? If we had that kind of information it might cause us to increase our cable spending dramatically.

"We'd also like to see more product usage data, and at regular intervals," James said.

But as for local systems, James says, "I think we're a long way from any kind of local measurement. The local systems may need to get together and do it on a DMA basis. They would all benefit if they would sell themselves together.

"For instance, there is the New Jersey Cable Link-up, which makes the state of New Jersey a possible buy, but agencies don't buy it that way. They think about New York and Philadelphia, so it doesn't make any sense to buy cable for the state of New Jersey."

As for accuracy of measurement, James finds the meter to be still the most reliable. "The meter is the most reliable for absolute levels of viewing, other than the telephone coincidental, which is much more expensive. The meter is the best way to go, and the diary is the most accurate measure of demographics."

Fred Brandt, vp, director of media information and analysis at Ted Bates, prefers meters to diaries for cable audience measurement. He observed in a report to the agency, "Currently, many meter or potential meter markets have cable penetrations below the national average — 37.9%. However, as the cable franchises are awarded and wiring commences with the latest 'state of the art' cable equipment (80 to 100+ channel capacity) the diary methodology will indeed be tested.

"Recognizing that diaries will be the only economically viable measurement for some time in most markets, both services are investigating enhancements in their diaries to accomodate the expanding television channel options.

"However, as cable penetration increases and cable's share of total viewing grows, meters clearly represent a better measurement tool to define cable audience levels as opposed to even a new modified diary."

Jane Zenaty, manager of media research at Leo Burnett, Chicago, finds the state of national network cable research adequate "for the amount of money we're spending on cable."

But she acknowledges it would be helpful to have more demographic information, insofar as the cable nets tend to pitch themselves in terms of demographic targeting rather than households.

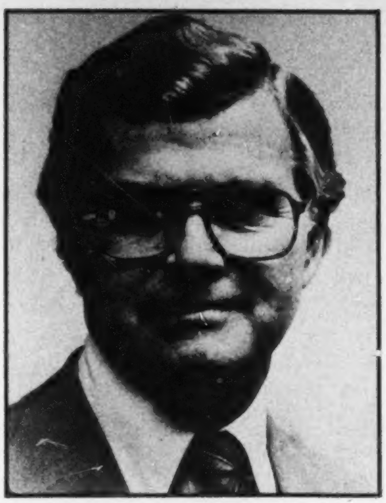
Cable data at the local level is sparse Zenaty admits, and the problem is confounded by the contrast between broadcast and cable marketplace definitions.

"We don't spend a lot of money on local cable," she said, "but we get enough directional hints to justify the buy." Actually, Zenaty explained, the buy is based on extrapolation. "We assume that the performance of cable networks is the same on a local level as it is the the national level. We also analyze local Nielsen data to see where the local audiences are going other than network television, and extrapolate on that. There are leaps of faith involved in this," she assured.

"But considering the small amounts of money being spent on local cable, we really aren't justified in asking for finely tuned research, but we would like to see more sophisticated data."

Zenaty proposes that local systems do telephone coincidentals on their audiences at least twice a year, and that the data should be coordinated. "That would be a good investment for cable systems that are interested in selling beyond just the local market.

"We do want more data to support what are now often just our educated guesses," Zenaty said.



"I don't know if 1,700 meters are enough to measure cable audiences" *Richard Simon, vp, director of corporate broadcast, D'Arcy-MacManus & Masius.*

Herb Smith, senior vp, media, at Spiro & Associates, Philadelphia, takes a dour view of the state of cable research. For the majority of advertisers, he believes, "Cable is still a mystery." For what started as a vehicle for "narrowcasting," he notes that cable is increasingly a mass medium. "What we need more than ever is a nose count."

With cable systems increasingly in trouble and merging to stay alive, Smith notes that cable systems "aren't getting the revenues they thought they would be getting," and that, he thinks, is directly due to a lack of advertising.

"We examined cable, hoping the narrowcasting perspective would be meaningful, but getting data on which systems accept advertising is horrendous."

The agency has one cable system as a client, and Smith has addressed seminars for cable operators on how to get advertising. "I've told operators that they aren't to blame for the lack of research. They are mostly entrepreneurs and engineers. Most of them are content to make money on subscription and escalating pay tiers. I've recommended that they form an association, create a marketing position, which is now completely lacking.

"From a selling standpoint, the cable system operators are neophytes, and can't do a reach and frequency presentation to an agency."

Over at the Cable Advertising Bureau, president Bob Alter sees the blossom rather than the blight. "There have been tremendous advances made in the past couple of years."

Alter cites the differences in viewing patterns that exist in cable and non-cable households. "There is a serious underdelivery problem for broadcast advertisers in cable households, and that has made advertisers sit up and take notice," he said.

It is this distinction to which the bureau most forcefully addresses itself. The bureau is now putting metered information plus data from BAR and NAD into a computer program. That is run against network delivery to determine how the networks performed against cable and non-cable households.

"We see more information coming together, and a growing number of cable interconnects," Alter said.

Among users, some went even before research provided any grounds for the buy. Anheuser-Busch started that way in 1978, with a big buy on ESPN. Charles B. Fruit, vp, corporate media at A-B said, "we made that buy when there was no research available at all. We thought our audience would be attracted to that kind of cable sports programing."

> **"We do want more data to support what are now our educated guesses."**

Since then, A-B and Fruit have developed a case on what they want from cable research. "Our position is that we pretty much think cable audience research should be consistent with broadcast audience research.

"We really don't agree totally with the contention that cable is a different medium and needs to be researched differently from broadcast. But as cable systems have quantified their audience data, that has made the job easier for us," Fruit said.

As one of the biggest investors in cable, Fruit said, "we will continue to invest a sizeable amount of money, and as cable penetration increases, our investment will increase right along with it."

Fruit notes that A-B is also developing its own sports cable network, and advised that the industry "can count us among the biggest supporters of cable."

Clearly, cable is still a supplementary medium. Its importance is as great as its audience. The argument over cable research centers on just how large and significant that audience is.

But as cable audiences grow, so do the number of channels, and fragmentation of audience remains a problem.

As cable becomes more important in terms of audience numbers and demographics, increasing pressure will be put on syndicated research services to deliver more refined data.

Meanwhile, those advertisers with enough money to pursue the audience already lured to cable appear satisfied with the results. For those who don't have the funds or inclination to use cable, the question of adequate research is purely academic.

Fred Gardner

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UPDATE

More upscale cigarettes

Always eager to expand its brand lines, R.J. Reynolds is putting a new cigarette into test, Sterling, a low tar premium brand, and extending Century.

The test Sterling starts this month in Florida. (See: *Brand report 81: cigarettes*, November 1982, pg. 151).

According to Harold Lees, vp, new brands, "Sterling represents the epitome of premium product quality for a growing segment of smokers who appreciate the finer things in life."

STERLING
STERLING

Sterling is new cigarette from R. J. Reynolds now in test.

Media for the test will be magazines, newspapers, outdoor and in-store, developed by Ted Bates Advertising. Creative features the pack in a variety of prestigious settings. Packaging is in a black box framed with silver and grey pinstripes, and was designed by Schecter, Inc. The brand will be available in filter and menthol styles. Target audience is dual, ages 25 to 49.

At the other end of the price line, Reynolds is introducing its 25 unit pack brand, Century, in a 100 mm size.

James W. Johnston, executive vp at Reynolds, said the two launches came from market segmentation research which showed two new consumer categories. He said, "Basically, with these two new products, we are appealing to the smart consumer, whether smart about getting more product for the money or getting premium quality without premium price. Consumers see the economy improving but have learned to stretch their dollars by being more selective with their purchases. An example is the purchase of new cars. The automobiles that are selling best are the smaller cars that offer more options for the money or the larger, more expensive cars that represent prestige and are known to have premium quality. We expect this trend toward high quality and value to continue."

Johnston added, "We introduced Century first because we knew we'd have a preemptive position in the marketplace. It will take the competition a long time to catch up with our success."

Sterling was developed and refined over a period of two years, he said, because "we wanted to introduce the highest quality, most prestigious product on the market."

Competition heats up for MTV

If imitation is the sincerest form of flattery, Warner Communications' MTV should be very flattered, and possibly a little worried. (See: *MTV rocks cable*, August 1983, pg. 66).

In addition to programing competition from the networks and indies in various time slots, software producers are now entering the fray. Sony's video software division announced last month it will develop a home music video software industry in conjunction with MTV.

Sony senior vp Dick Komiyama commented, "MTV has launched the first phase of the music video revolution by offering stereo music video 24 hours a day. We, at Sony, are spearheading the second phase by making music video programing available to the home video fan at affordable prices."

The Sony video software operation started advertising video 45s (short length stereo music video cassettes) on a daily rotation schedule.

Komiyama added, "We feel that our activity together with the increased exposure of MTV will create a strong home music video software industry."

A more competitive move is Star Video Music's launch on January 1, of an adult alternative to MTV's programing. Target group for Star Video will be the 25 to 54 age group. Star Video officials expect facilities to be complete for a Jan. 1 uplink, but admit it will go right down to the wire.

Seagram takes wine from Coke

The Coca-Cola Company was $200 million richer last month after it formally sold its Wine Spectrum to Joseph Seagram & Sons. (See: *Brand report 89: Wine*, August 1983, pg. 115.)

The sale includes Sterling Vineyards, the Monterey Vineyard and the Taylor Wine Co. Major brands are Taylor California Cellars, Great Western Champagne and Taylor Champaign. The Wine Spectrum was under Coca-Cola's aegis, one of the major spenders in media in the retail wine market. Taylor was instrumental in developing the light wine segment. At Seagram, the Wine Group will be set up to include the Wine Spectrum and the Seagram Wine Company.

Correction

Hasbro Toys was inadvertantly identified in the November issue as having suffered second quarter losses in the Toy and Game brand report. Hasbro was in fact in the black in the second quarter of 1983.

SEAN CONNERY IS JAMES BOND
NEVER SAY NEVER AGAIN
RKO
86 ST.
86
86
SEAN CONNERY IS JAMES BOND
NEVER SAY NEVER AGAIN

Stuart M. Gross

Audience segmentation hits Hollywood

Sneak previews and trailers give movie makers an advance notion of which audiences will be receptive to a new motion picture. Using that sense of positioning, movie advertisers then plan national and regional strategies.

Christmas came early for the movie industry this year. And if box office takes continue at the same pace, 1983 will be a record breaking year.

It can hardly come as a surprise that the movie industry weathered the recession well — better, in fact, than almost any other industry. The main reason for the sustained health of the industry in a time when just about everyone else was cutting back is simple. Instead of investing in big ticket items, many consumers diverted their disposable income in the cheapest form of out-of-home entertainment — the movies.

Movie marketers tend to look at the first weekend box office results to determine the overall success of a film. Recently, there had been some consternation on initial results for *The Right Stuff* — marketers felt the initial results had been poor because the public followed the press' lead in perceiving the film as a political vehicle. What the emphasis on the first few days of a film's run means, then, is that advertising for that period — the launch — must maximize impact. This is not a novel idea in Hollywood. Marketers began heavying up their television expenditures 10 years ago. The proportion of a film's budget going into that medium has been increasing steadily ever since.

It seems Hollywood has its fingers on the pulse of America's movie-going public. Box office intakes have continued to rise, from $2,748,500,000 in 1980, to $2,965,600,000 the following year, hitting a record $3,452,700,000 in 1982. The first nine months of 1983 have already exceeded the previous nine month period, with box office totaling $2,937,000 — a 7% increase. According to Jack Valenti, president of the Motion Picture Association of America, even if Christmas 1983 were to remain at an unlikely equilibrium with Christmas 1982, fourth quarter intakes would push the 1983 totals to a record of $3,650,000,000, or about $200 million more than last year.

Hollywood also has its hands in the moviegoer's pocket. Ticket prices have been on the rise, from an average price of $2.83 in 1981, to $3.00 in 1982. But ticket price increases do not account for the sustained prosperity of the industry. Hollywood is simply giving the consumer what he wants, according to MPAA vice president, Kent Clark.

On the other hand, the average production cost of films is on the rise. *Variety*, the trade weekly, reports that costs have risen 15%, from an average of $9,700,000 for 1983 movies, to $11,300,000 for 1984.

Advertising costs have been rising, but not as rapidly. Since ad budgets are determined independently for each release, they are a more flexible factor than production costs. In addition, the mix between broadcast, used heavily in the initial launch, and print, relied on for the sustaining campaign, allows the distribution company to plough box office returns back into the sustaining advertising budget.

Variety cites an estimate of $5 million to $8 million as the "current guesstimate" for advertising budgets per film. Leading National Advertisers, on the other hand, shows traceable outlays in the more reasonable $2 million to $3 million range for the six major studios. However, the large expenditures in local newspapers, which remain untraceable, could push a film into the higher range returns fuel a substantial sustaining campaign.

Because there is a fairly close correlation between production costs and advertising expenditures, larger budget films tend to be backed by more advertising support. Low budget films are burdened with having to prove themselves at the box office before the distributor is willing to provide advertising.

Steven Kasloff, executive vp, advertising and creative director at Columbia Pictures, says that trailers, the portion of a film used for previews, provide a means for the film distributor to test target audience.

Despite the apparent rosiness out West, recent agency and top management shifts indicate that all is not well in Tinsel Town. Earlier this year, MGM/UA moved its business from Diener/Hauser/Bates to Wells, Rich, Greene, the former Columbia Pictures agency. Since then, Twentieth Century-Fox has been contemplating a switch of its own, since the two key executives on the account at J. Walter Thompson's Entertainment group left to join MGM/UA.

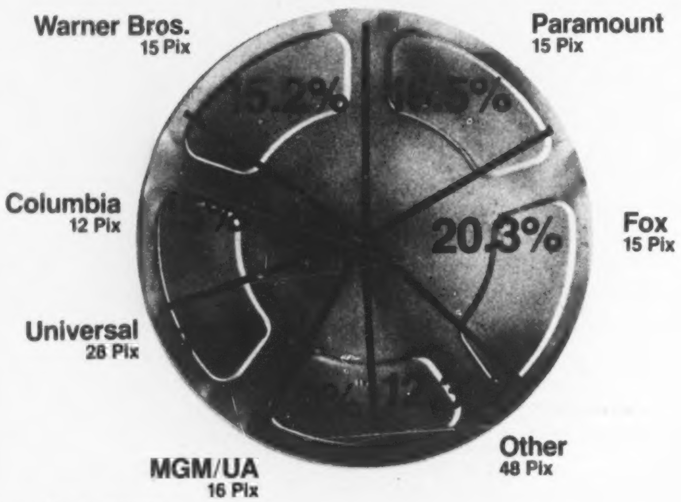
Sound confusing? Industry observers say the moves are unrelated to box office intakes, but reflect the new management team in place at MGM/UA. The team, led by Frank Yablans, who had been with Paramount, should take a greater interest in marketing than its predecessor. Since the agency transition isn't effective until January 5, 1984, marketing strategy shifts won't be evident for a year.

Other motion picture companies prefer not to leave advertising responsibilities with a single agency. Stan Kirchheimer, manager of national advertising for Paramount Pictures, explains the company's "grass roots approach."

He notes that the film company discovered long ago that television provides the best selling medium for the product. Almost all television is spot, he says, "because it gives us an opportunity to tag our local theaters. It's a way for us to target."

Research has consistently shown that the movie-going demographic is 18-34 and primarily men aged 18-25. Television not only delivers the desired group, Kirchheimer explains,

1983 Domestic Market Share
BY BOX OFFICE INTAKES



Source: *Variety*, 10/12/83

Major studios' media expenditures 1982 vs. 1981

(estimated)

					Spot				
	Magazines	**Supps**	**Net tv**	**Spot tv**	**Net radio**	**radio**	**Outdoor**	**Newsp.**	**Total**
20th Century Fox									
1981	1,405.8	130.6	14,855.1	6,039.6	—	86.9	84.8	—	22,602.8
1982	431.4	319.4	22,359.1	8,232.3	78.0	103.6	181.7	620.9	32,326.4
Paramount									
1981	630.9	113.9	522.9	16,790.0	—	442.1	188.7	838.3	19,526.8
1982	845.9	663.7	1,511.6	17,779.5	—	401.5	242.9	692.2	22,137.3
Warner Bros.									
1981	549.3	—	22,767.6	6,644.1	—	943.0	20.2	193.8	31,118.0
1982	35.1	—	19,393.8	7,105.4	—	816.3	22.4	12.0	27,385.0
Columbia									
1981	1,199.6	17.7	32,612.1	2,762.7	60.6	3,101.0	22.0	29.0	39,804.7
1982	427.7	112.2	25,638.1	5,923.2	27.9	1,595.6	148.3	156.0	34,030.0
Universal									
1981	372.6	—	17,815.0	3,853.1	—	6,438.5	—	139.5	28,618.7
1982	1,275.9	36.8	20,467.0	7,882.1	56.2	3,584.8	6.2	349.0	33,657.9
MGM/UA									
1981	512.5	—	8,925.3	16,737.3	—	—	8.0	—	26,183.2
1982	129.6	—	8,752.2	13,041.7	—	26.7	15.5	—	21,965.7

"but electronic media are also better for a launch. You can tell the story better on television." The standard practice is to revert to print — usually local newspapers — for the sustaining campaign.

He ads that Paramount has recently begun using cable. "We are a strong supporter of cable. Our MTV buys, for example, are credited with making *Flashdance* and *Staying Alive*, two of the company's releases from earlier this year. "Most of the people trying to reach the movie consumer are diverting their money into cable," he says, noting that the available audience figures exist, in his mind, to justify the buy to the agency. The demographic watching MTV, he explains, is the same as the one he is trying to reach for Paramount.

At the same time, research is having an increasing impact on the film company's marketing decisions. "We are trying to define our audience better. We've put a lot of money into research to help decide a creative marketing plan." The research funds, he notes, have not come out of the advertising budget. As a matter of fact, he points out, the advertising budget has at least kept up with media inflation.

"We don't look to research to determine our strategy. Research is just another tool for interpretation. It's not like research is going to determine only 'X' and we'll do X."

Paramount has been getting greater returns on fewer films, he says. "But that doesn't mean that we have that much more to spend for each film. Each film is treated as its own entity. Advertising budgets are dictated by the films' needs, so we're really not dealing with a fixed budget at all." The high level of continuity in the company's advertising strategy, he notes, might allow one to assume that budgets have remained stable overall.

"Basically, the key to our whole approach is to reach the consumer on a market by market basis, though." This, more than the individual film's budgets, has determined Paramount's strategy. "Working habits in one market may change slightly more than in another. This means that viewing habits will have changed slightly, too. If we were to use network television, for example, it would be like taking an average of the entire country. It's just not as efficient."

While individual factors determine the buys for each film, he says that an average film will see 30% of its advertising budget going into early fringe, and another 30% into late fringe. "But then again," he cautions, "we may be after women 18-34, or even more precisely, working women in that age range. The numbers of women working are going to be different in New York and Detroit. Basically, buying the way we do allows us to adjust the day part around the country, for the most efficient one in each market. We can even change the spots to mirror the sophistication of the market."

He says that advertising doesn't often change in response to different market conditions for the launch phase. In the sustaining campaign, however, newspaper advertising will

Continued on page 117

BRAND REPORT 94:

Office automation

DECISIONS' investigation shows that the decision making level of management for office automation equipment varies by company and industry. This fact has changed the way the producers of information processing equipment market and advertise.

Life is getting easier in the office.

But it isn't getting easier for the people who make it easier. As U.S. business moves into the age of automated data retrieval, communication and projection, the industry that produces the automation equipment grapples with a difficult question: what level of management makes the purchase decision?

Television advertising and consumer print are looming increasingly large on the media horizon of this industry. Prospect hunting must be done with a large net rather than a highly targeted arrow. No one knows just exactly where to shoot. And that sales prospecting net will probably double in size this year as the industry expands five

Estimated media expenditures, 1982 vs. 1981

Company		Total	Magazines	Supps	Net tv	Spot tv	Net radio	Outdoor	Spot radio	Newspapers
IBM	1981	$32,789.0	$10,182.6	$416.7	$15,440.7	$1,015.1	$ 445.5	—	$1,573.7	$3,714.7
	1982	61,835.2	16,132.7	923.1	29,700.2	4,343.1	1,590.2	$66.4	2,777.8	6,299.3
Wang	1981	5,289.8	1,106.2	—	3,145.6	682.6	—	—	7.7	346.7
	1982	5,082.7	1,289.4	—	2,546.0	749.8	—	13.9	199.8	288.8
DEC	1981	4,110.6	3,080.9	—	—	—	—	—	632.0	397.7
	1982	5,373.8	2,669.3	—	—	968.4	—	31.6	465.3	1,239.2
H-P	1981	4,427.4	2,897.5	—	1,209.0	43.2	—	—	—	277.7
	1982	5,486.7	4,264.3	—	—	9.8	—	.3	27.5	1,184.8
Xerox	1981	23,537.4	9,769.6	—	9,784.3	1,009.1	1,190.8	94.6	—	1,689.0
	1982	19,651.1	11,628.5	—	6,728.5	160.1	—	—	—	1,134.0
Data General	1981	3,831.0	1,197.6	—	—	2,622.8	—	—	10.6	—
	1982	2,406.4	975.9	—	—	1,430.5	—	—	—	—

Source: Leading National Advertisers, BAR, RER

Note: These figures reflect the expenditures of the leading players in the office automation field, in the nascent period of experimental penetration. Advertising budgets have been increasing across the board, between 30% and 50% in 1983, and continue to increase for 1984.

times faster than the overall economy.

1984 promises to be a big year for the evolving office automation industry. Ad budgets have been increasing steadily over the past three years, and are soaring this year. The Leading National Advertisers 1982 total for the category hovers at about $150 million; that figure will double for 1983 and possibly again for 1984.

One of the clearest signs that competition is heating up is the expanded use of broadcast. Leader IBM has been buying television for several years, and contenders Hewlett-Packard, Wang, DEC, Digital, Xerox are increasing their use or moving into the medium for the first time this year.

Another indication is a decrease in the use of technical/trade publications to promote products. Print is being used to supplement broadcast image campaigns with heavier use of general interest business publications like *Business Week*, *Fortune* or *Forbes*.

Though sales figures are promising, and growth projections even more so, penetration has so far been low. Richard Dalton, contributing editor to the industry newsletter "Open Systems," estimates that current penetration is about 10%. He explains that the office automation industry actually consists of several complimentary non-competitive industries, producing technology that can 'stand alone' or be connected into an inter- or intraoffice network. Penetration for different sectors varies as a result.

Word processors, for example, represent the most common, low end form of office automation. They can be connected to other systems, which provide electronic mail, teleconferencing, electronic filing, or, at the highest end, "administrative or decision support."

Dalton says that word processors represent the bulk of office automation equipment already in place.

"It's very hard to move office automation technology into the executive suite. Word processors tend to be brought in as clerical support systems. They are not thought of as disrupting the normal flow of business on that level." An estimated 20% of the nation's five million typists or clerical workers have access to word processing technology in some form.

The most penetrated sectors so far tend to be paper-processing, white collar industries. Dalton says inroads have been made into banking, insurance, and to a certain extent, into local and federal government.

"There is monstrous potential for growth in this industry," Dalton says, estimating 1983 sales at about $8 billion, a figure that does not include personal computers which can be used in the home or office.

As the industry continues to expand, he adds, technological compatibility will become a bigger factor. Many systems are designed to be compatible to IBM machinery.

"Most people don't understand that what goes on between people in an office can be made more efficient," he says, noting that offices tend to invest in low end technology when they decide to move into automation.

"Then the problem arises when they want to start tying units together. The more types of technology you have, the more problems you will have bringing the components together. Connections within one brand are the easiest, of course. But as soon as you start investing in more than one, you have more and more problems with each additional brand. Especially when you want each desk top to be able to access from a main computer base.

"There is a shakeout underway, and it will be brutal." Dalton says that the companies likely to stake out a leading position and maintain it will be those that have a full line of office automation products, "that are compatible from top to bottom."

The need for compatibility, Dalton continues, does not exclude the possibility of "strong niche players," companies like Commodore or AB Dick that can produce one component competitively. He foresees a shakeout that will grip the industry on two levels: within each category of technology, or niche, and overall, between the industry leaders.

Christine Hughes, vice president of the Gartner Group, the Stamford, Conn. based information consulting firm, says that office automation "has moved past the primitive stage, into the evolving stage." She says that the leaders have already shifted their strategies toward integrating their technology and expanding their resources.

Despite the technological progress, Hughes says, "people are still quite confused about what office automation is." She breaks the industry down by levels of technology.

"The most basic form is a stand alone system — basic text editing." This area will see slow growth, from $1.5 billion in 1982, to an estimated $2.0 billion by 1987. "Communications is the major influence in the decision to invest in OA technology in the 1980's, and text editing stations do not have communications capabilities."

Shared systems, another area, will hold at a compound annual growth rate of 16%, from $900 million in 1982, to $3.9 billion by 1992. Other areas, like non-impact printers, will also continue to experience growth. Integrated office work stations, like IBM's 'Smart Desk,' will grow from $1 billion in 1982, to an estimated $23 billion in 1987.

"The biggest problem with estimating the size of the market is that there is no way of tracking the application of personal computers. Many are used simply as word processors, but even that application can't be traced easily."

She notes that inclusion of personal computers in office automation industry estimates would push the current market estimates far beyond $10 billion.

Barriers to growth

Industry observers see several potential barriers to growth that may affect all players. As Tom Elliot of International Data Corp. explains, the technology has become more sophisticated than the marketing channels through which it must be moved. He says this bottleneck is evident in the degree of consumer ignorance about the different capabilities of the technology. And he adds that he is not sure the leading companies have accurately gauged the perception of office automation technology among their target groups.

Others, like the Gartner Group's Hughes, see the lack of standardization as a potential problem.

"Users could be faced with a vast array of incompatible devices within the organization. Given the high cost this represents a very high level of sunk costs with very low returns."

Like Elliot, she perceives a marketing problem. She says that neither the sales forces nor the advertising messages reach the decision-maker within an automating company with any consistency. She attributes this to the relative novelty of automation. Many companies, she adds, do not have management for automated technology. Too often, the position the automation manager holds within the target company changes from one firm to the next, making it very difficult and costly for vendors.

Dalton says that executive resistance to automation may become a barrier. He points to the demographics of most senior level executives who are in a different age group from the computer generation.

"Upper staff levels always assign others to make this kind of buying decision. This reinforces the mind-set that computers are not for them. This is an image problem that the office automation industry will have to solve."

He says that computer application tends to move more smoothly into "easily defined jobs."

No one, he adds, has come up with an answer to the most frequent executive complaint: 'How will it help me stare out the window for three hours and come up with that brilliant idea that the company will be running with for the next five years?'

It is this mentality that has made penetration into "factory-like industries" easier, Dalton explains. "Processsing data, like checks or forms, is subject to the same form of improvement factors as a factory." The association of office automation with processing and productivity improvement has reinforced the executive defense on grounds of creativity.

RATIO OF WORKERS

Ratio of workers to work stations (keyboards)

1981 52 million: 9 million
1982 53 million: 16 million
1983 54 million: 22 million
1984 55 million: 29 million
1985 56 million: 35 million
1986 57 million: 41 million

Source: International Data Corp., 1983 (white collar, clerical and above)

Note: that in 1981, only one in five white collar office workers had access to an electronic keyboard device. By 1986, according to International Data Corp., only one in five will not have an automated workstation.

Hughes agrees, noting that the executive age bracket "was not raised in a computer world. They were born in a black and white environment. Pressure to automate will come from those weaned on computers, from the middle levels of mangement who will want a computer to be part of their desks. This conflict might become a barrier to growth.

"There's also the question of infor-

VALUE OF SHIPMENTS (in millions)

Sales figures in office automation industry sectors

	copiers	facsimile	PBX	electric typewriter	word processor	multi-functional systems
1981	$3,517	$253	$1,037	$ 401	$1,658	NA
1982	3,661	296	1,184	475	2,084	$ 75
1983	3,669	343	1,299	577	2,700	163
1984	3,639	397	1,411	712	3,203	567
1985	3,548	429	1,507	891	3,604	1,195
1986	3,421	437	1,598	1,124	3,948	2,256
1987	3,186	446	1,684	1,423	4,290	3,544
Compound annual growth rate:	−1.6%	9.9%	8.4%	23.5%	17.2%	116.2%

Source: International Data Corp.

Note: Estimates of the value of office automation shipments indicate that growth rates for some components of the 'office of the future' are three to eight times the current rate of GNP growth.

mation sources. Most senior levels of executives depend on external sources of information that don't have to be accessed through automated equipment. The same is not true of middle management. No one has quite figured out what executive needs are, and how to address them."

Hughes says that "if more sophisticated user interfaces were developed for top level management, they'd use the equipment quickly, be more productive, and not be afraid of it."

Changes in lifestyles

Some researchers have ventured to gauge the effect office automation will have on the lifestyle of those exposed to it.

International Data Corp.'s Tim Caffrey says that roles within the office are likely to become less defined as automation progresses.

"The office will become structured in terms of people's ability to manipulate information. Adding that 'what if' to the creative impetus is an easier task with this technology. But the structure of offices themselves will begin to revolve around access to information. The problem management will have to confront will be how to make sure the office structure keeps pace with the flow of information."

Some firms, like Honeywell and Kelly Services, have studied the implications of such technology. But these reports, like Honeywell's national survey of office automation and the workplace, focus on the perception by clerical workers using the equipment and managers supervising its use. No study has been done to date on the lifestyle implications of increased automation on non-office environments or on workers in a fully automated office.

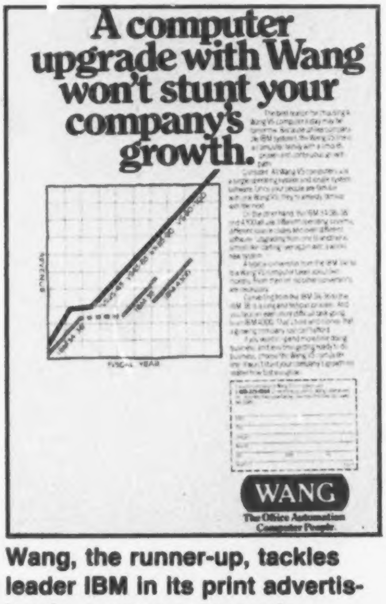
Dalton predicts that the current confusion about office automation's impact will shift self-perception. "You'll have a situation with more perfect information access, and less human contact. There will be more work done in the home." He cites IBM's PCjr as the typical common system to link the home work station with the office data bank.

"You will be able to have the same access to information in both places." But the changes, he says, will be more substantial than that. He speaks of his own experience working from his home, and observes that relationships between people are altered by less frequent contact.

"The methods of communication will change. People will be telecommuting, instead of commuting. They will be moving from one information center to another through the network these centers provide. The clues to other users' personality will come through in different ways than most people are used to now," he says, commenting on the different forms people use to communicate through integrated office system networks.

Write here where you belong.
IBM
The Smart Desk from IBM

IBM, the market share leader, put most of its advertising weight into broadcast in 1983 to promote image.


A computer upgrade with Wang won't stunt your company's growth.
WANG
The Office Automation Computer People

Wang, the runner-up, tackles leader IBM in its print advertising in consumer magazines.

"It tells you something about the other guy when he sends all his messages in all-caps, or with a lot of typos."

IDC's Elliot feels that there will not be a drastic shift in lifestyle and perception until all the players are fully committed to office automation.

"The impact of the communications companies," he says, referring to well-publicized decisions by AT&T and others to move into the field, "has not been felt yet. It will become a different industry once they enter. But that's five years down the road."

International Business Machines

As in almost everything else IBM tries, Big Blue is the leader in the office automation field. Yearly earnings consistently exceed the runner-up's revenues, and with an R&D budget in excess of $2 billion, IBM shows no signs of giving up the lead.

Among the company's strengths is that its technology has set the standards for compatibility in all computer-related fields. This gives IBM an edge, not only in its marketing efforts, but also in the way competitors are forced to position themselves against it.

The advertising budget for office automation equipment, like everything else associated with the company, dwarfs any contender. 1982 totals of $61,835,200 for OA systems are almost double 1981's $32,789,000, and yearly increases continue to be as significant.

The bulk of advertising, according to Byron Clung, Information Systems group director for communications, is image-oriented. Broadcast gets the heaviest outlays, in net and spot television and radio.

IBM uses national general interest business publications, including *Business Week, US News & World Report, Dun's, Fortune, Forbes*, and the newsweeklies to support broadcast.

Image advertising also runs in more specialized trade publications, targeted to computer users — *Datamation, ComputerWorld, Information Systems News* — and office automation books, to target the more automation oriented business prospects.

Clung says that advertising is targeted in two ways. In the more general advertising, the company tries to describe what office systems are, and to convey "the concept of office systems' generic benefits," tagging the message with the additional value IBM products give. Campaigns include the "Smart Desk" advertising currently in the general interest business publications.

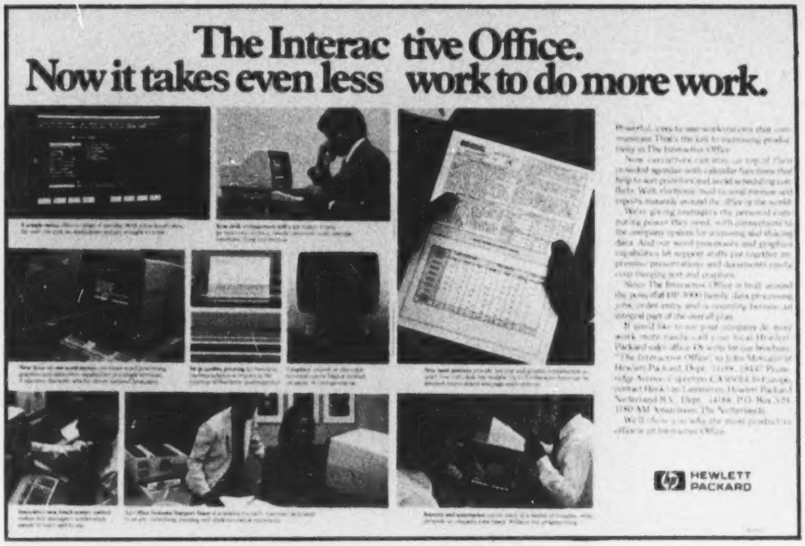
A second point of emphasis is "connectivity", which was the major theme for 1983. Advertising focuses on the "entire enterprise, with different people performing different functions on different systems, that can all be connected." The company is keen on continuing to emphasize "the broad range of IBM solutions."

Specific product advertising has been a smaller part of the effort, but according to Tony Emerson, director of advertising for the Information Systems Group, "you will be seeing more of that in the next year."

She adds that some of the themes will be changing to focus more on this "cluster" approach. She cites the current 'Smart Desk' campaign as an example of the forthcoming themes.

The future emphasis on more product specific advertising, featuring a group of interconnected products, will not reflect a change in the media or marketing strategy of the company.

Emerson notes that IBM is simply "looking at the broad product line, and deciding which need emphasis," rather than continuing to bolster the image of the corporation which has achieved awareness and set the standards for the entire industry.


The Interactive Office.
Now it takes even less work to do more work.
HEWLETT PACKARD

Hewlett-Packard is struggling against its 'scientific-engineering only' reputation with image campaigns.

Wang Laboratories

Wang is in the unlucky position to being second to IBM, a fact the company attacks head-on in its advertising. With 1983 revenues from office automation equipment in execess of $1,321,500,000 and a growth rate consistently above 30% per year, the Lowell, Massachusetts-based company has secured second place. For the time being. Industry analysts point to certain vulnerable aspects of their product line, especially in the personal computer area, as potential barriers to growth.

Charlie Johnson, director of systems marketing at Wang, says that the company's advertising has recently adopted a "three-pronged attack: product recognition, corporate image and office automation systems themselves." Expenditures have risen sharply, from $5,082,700 in 1982, according to Leading National Advertisers, to about $10 million last year.

The target audience has been fine-tuned somewhat over the past year. "Our target is the high level decision maker, within a Fortune 1000 or 1500 company. The exact position of that decision maker within the comany depends on the class of company."

Johnston says that Wang reaches its target through a combination of vertical and horizontal advertising. "We used very targeted vehicles, like the PC magazines. Then, we advertise in industry specific magazines for industries like insurance, the manufacturing sector, and state and local government vehicles."

General audience magazines, like the executive editions of the newsweeklies, the *Wall Street Journal, Business Week* and in-flight magazines, complement the more technical advertising in trade vehicles.

In line with the company's continued rapid growth, Wang has also moved into network television, with corporate image advertising. "We go for the high visibility items, like the news, or sports," Johnson says.

This dual advertising strategy, at once commercial and technical, has allowed Wang to focus on problem areas, like the personal computer. "Our highest area of growth, though," Johnson explains, "is in office automation, which does have some overlap with personal computers. Our advertising budget for OA will continue to grow in proportion to that area."

Johnson sees the current technology as broken into two categories. "There are those companies that are on the leading edge of technology use. They buy the newer products which might otherwise be characterized as less defined in use or application. These are the companies that basically help solve the problems of technology that other companies will be using three or five years down the road. The other class of technology users are more mainstay. They haven't moved much beyond work processors or data processors.

They are the ones that will buying the same technology as the first class of companies, but five years from now."

Johnson says that predictions about the future course of the company are difficult, especially in an industry that is growing and changing as rapidly as office automation. He adds that it would be hard for him to say whether the company will be changing its advertising strategy in the near future. So far, advertising has been taking the company in the direction it plans to go.

"There is really only one direction for the company to take. We want a good mix of business directed at those Fortune 1500 companies," which are reached through a sales force as well as through the advertising. "Out of that, we are planning to move into alternate channels of distribution — a less direct sales force, for one — which are being built now."

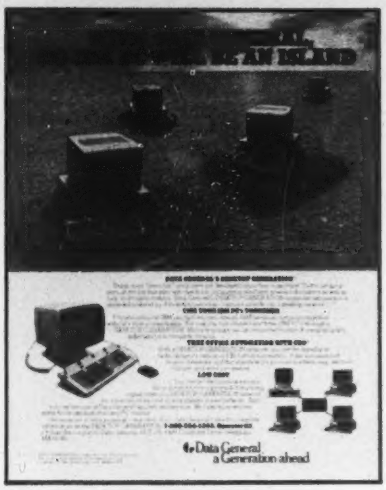
Digital Equipment Corporation

DEC closed out 1983 in an unhappy, if not precarious position. The second largest computer company, assailed with management problems, crippled by late products, DEC seems to have been caught by surprise, by smaller, more agile competitors. Executive desertions include some marketers, leaving the giant becalmed and directionless.

Office automation is a relatively new prospect for DEC. Observers, who say the troubled company is still a strong contender in the field, note that its headlong rush may be to the detriment of a sounder, more stable marketing strategy. Advertising and marketing for the office equipment follows the trends established by earlier entrants. But only time will tell if the approach fits DEC.

Marc Roberts, marketing program director for DEC, says that the most recent shift in the company's advertising strategy has been an emphasis on corporate image campaigns. "The entire company views office automation as the key to growth strategy. It represents the image of the company as well as the product advertised itself." He adds that advertising expenditures are up "at least 50%" over 1982's $5,373,800.

Advertising represents about one-fourth of the total marketing effort, which includes a hefty proportion for educational seminars and trade shows (+30%). Roberts notes that as the company moves more into integrated office components, it becomes increasingly difficult to advertise and market single products.



Targeting "large, multi-location multi-nationals."

"You can't separate the general company advertising — for personal computers, for example — from office automation. The message is a lot more complex."

What this means is that the company has moved away from single product advertising, to focus "more intensely on image." As Roberts explains, "compatibility extends over advertising, not just over the product line."

The main problem the advertising addresses is "overcoming people's expectations about computer capabilities." The mix of technical and business advertising targets the professional, middle managerial office worker.

"We've been advertising in *Business Week*, *Fortune*, *Forbes*, the newsweekly executive editions, the *Wall Street Journal*. As of 1983, we also started moving into television — mostly net. This was part of the corporate image campaign. The biggest single part of the budget is now going into tv. It meets our objectives most clearly. And it looks better."

Roberts notes that reinforcement of the "buying image" is necessary in the office automation industry: the consumer is buying the company at the same time as he is its products.

"The clearest solution to that was to push the name as much as any single product. It has helped us focus our advertising. We need to look beyond the technology and worry about the problems people encounter in their jobs. And then match their needs."

Roberts says that he feels technology has advanced at a greater pace than the marketing resources available for putting it in the consumer's hands. "The issue is one of lack of concern for needs. The major problem is that you cannot bring too much technology to bear on the marketing effort." He adds that DEC has moved away from "high tech appeal to high touch appeal."

"We are trying to be benefit oriented, to appeal to the broader interest of the user instead of concentrating on the function of the machine itself."

One solution to the relative sophistication of technology to marketing and advertising, Roberts says, "might be to delay the introduction of a new product. It's not really a case of slowing the technology down, but instead, of engineering it into a solution for someone. There's so much technology out there that doesn't really solve problems for anyone."

Problem solving, he concludes, will continue to be DEC's strategy.

Hewlett-Packard

Hewlett-Packard found itself in an awkward position in 1983. The Palo Alto-based company had so successfully identified itself with "scientific/engineering needs" that it had locked itself out of the consumer's mind for its office automation systems, according to Jack Peters, project manager for OA advertising.

Not withstanding this lack of awareness, the company came in with solid revenues of $2,164,800,000 in 1982, and continued to introduce personal computer technology at an impressive rate. Growth continues to be strong, at about 20% per year.

H-P targets department managers in Fortune 1000 companies. "Our cutoffs are plus-100 employees, plus $50 million in sales," Peters says. The focus had been on industrial targets: "We used to look at Hewlett-Packard-like companies, mostly in manufacturing. But we have moved toward addressing the needs of an office in general. We intend to see the company in the mainstream, not focused on one industry or one type of industry.''

He says that H-P supplements its general efforts with some vertical marketing, toward the banking, library, oil and gas sectors, for example.

''We found that the mix of horizontal and vertical, in the sales force and in our advertising, is the direction we want to pursue. That hasn't turned us away from addressing the scientist or engineer, which we do in industry books that deliver that audience. But we want the management as well, and we get them in *Business Week*, the *Wall Street Journal*, *Industry Week*.''

Peters likens the competitive atmosphere to the furor that gripped the PC industry. ''We've moved into broadcasting as a result, maybe two or three times what we used to.'' The total advertising budget has risen from $5,486,700 in 1982, to ''$10 million or $15 million'' the following year. Peters says the current budget is ''more than $20 million.'' Of that, about 50% goes into broadcasting.

''It's the best way to do image advertising,'' the main shift in H-P's marketing strategy. ''We're looking into radio on a test basis right now, but it's really all spot tv. We buy in terms of demographics, rather than dayparts. We're looking for the upscale male, so the buys tend to be sports, with some news. In the area, we favor San Francisco's basketball team, or we'll buy on some channels with a recent movie running against a network show.''

H-P's current image problem, Peters says, is a potential obstacle.

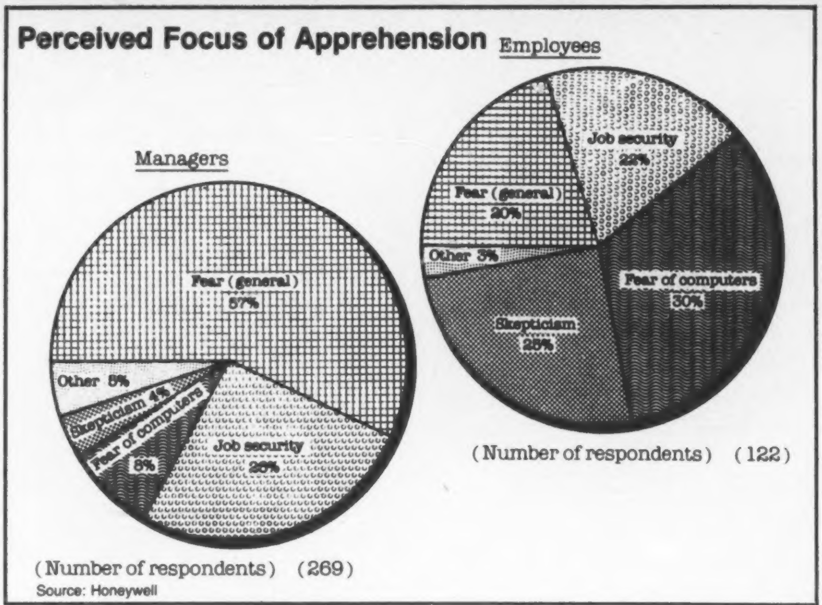
''We've got this unique problem, in that we tend to be pigeonholed. The entire focus of the strategy is to overcome that. Yes, it is true that we produce scientific and engineering equipment, but we have the expertise in other areas too.'' It was the realization of this awareness problem, he says, that prompted the company to make a wholehearted decision to go into the mainstream. Hence, he points out, the rapid increase in advertising budgets and the addition of television.

''The change in advertising reflects a total reorganization in the computer operation. We've consolidated the advertising, which used to be done regionally, to a group level, so that all the word processor advertising, for example, is integrated. This group strategy is by market. The vertical thrust is still going, but it's really a matter of priorities. There's a great difference between getting into the mainstream and maintaining your position, and drastically improving it. Especially in this industry. We've already seen a change in the perception of the company marketplace. But we sense that the trend is toward a short list of vendors being asked into companies — a shakeout, like anywhere else. There's a problem there, of being locked out. If we don't get on the bid list, we don't have a chance.''

Peters notes that H-P has an advantage in being able to offer the office management ''a total range in office technology.'' Dealing with a single vendor, he says, makes it easier for the buyer.

Despite the extent of the line, however, Peters concedes that he has encountered executive resistance to automation. ''Well, you know, it's like trying to sell a new typewriter to an old secretary who's had hers for fifty years. It's just a resistance to change. There will be pressure from the bottom up in these companies,'' he adds, noting that the office environment is a greater catalyst for change than educational seminars.

''The workers will need more information. The managers will be looking at it from a productivity point of view. There's greater efficiency of information flow with these systems, and increased productivity is the bottom line.''



Perceived Focus of Apprehension

Source: Honeywell

He explains that, with all of H-P's concern for image, H-P continues to focus direct marketing efforts on ''middle managers who need help controlling their work load,'' as forces for change.

Xerox

Xerox may not seem an obvious contender in office automation, but they were one of the first companies to develop an integrated office network, Ethernet. Despite high awareness, bolstered by more substantial advertising than many other contenders have mustered, they have not yet managed to make their office automation equipment as well known as their copiers.

Ad budgets have always been relatively high, even when office automation was nascent. 1982 figures hovered at the $20 million mark, and have not risen substantially since. What has changed, as with other OA companies, is the mix between product and image advertising.

''We've got a broader range of products than most people understand,'' explains Barbara Blackshear, manager of market planning for the company's office systems division. ''Xerox is the total office automation vendor. We want to make sure that our investment in technology is recognized.''

She notes that the recent introduction of the personal computer by the company has "generated interest, so that it has become inconvenient to separate that from OA."

The target for advertising is the same as for the sales force: "the document-oriented office professional." To reach the target, Blackshear says, Xerox has maintained a consistent mix of broadcast and print that dates from before other OA companies turned to tv.

"We need the television for our image," she explains, noting that the company's technology "spans all office areas, from clerical word processors, to the Star 8000 line for professionals and engineers. We are not specific to high levels of management."

Blackshear says that the company's strategy has been to take a horizontal approach, which she explains. "There are more similarities between engineers in different companies, than there are between an engineer and a financial analyst in the same company. We look at it from a process point of view. So we try to target research and development areas in these companies where scientists are most likely to be."

Broadcast is supported by general interest business magazines, like *Business Week, Fortune, Forbes*. The mix between broad-based and technical publications is 50-50, according to Blackshear.

She anticipates a continued expansion of advertising budgets, as the industry itself continues to grow. But, she cautions, it is well past its nascent stage.

"Office automation isn't just picking up steam. It's boiling over."

Data General

Despite an unhealthy year in 1982, Data General is consistently mentioned by industry observers as a major force. According to one, the company may have found a new source of strength in its mini-based office system and supermini technology. Advertising support continues to be relatively small, in the $3 million (1982) to $5 million (1983).

Marketing communication manager Dennis Byron explains that the company seeks to target the "heaviest user: middle management." The target is addressed mostly through general interest publications, like the *Wall Street Journal, Business Week, Fortune*.

"We are also looking at another emerging market, the personal computer in the home that connects with the office, and the technology that you can carry with you when you travel on business." He says that the most appropriate industries for such technology are in the service and government sectory, "basically because office automation is a productivity improving tool. It is most valuable in a paper intensive, time sensitive area like these."

Byron is hesitant to pinpoint any barriers to the industry's growth, although he mentions that "there is a question of how much the market can absorb."

For Data General itself, he says, the key to continued growth will be compatibility, an area that will become increasingly important as the telephone and communications companies move further into the office automation field. "Right now, we want to help managers decide what desks should be automated, and to what extent. This has a lot to do with stringing wires to a mainframe, depending on how large they want the network to be. You can see that when the wires are there, and part of the system, the installation costs" which can equal the cost of the product "will be much lower."

Byron says that the company will continue moving away from the low end of its line, typefied by word processors, and toward the larger end where the greatest potential for growth is. "The real payback on the technology is helping the higher paid employees with productivity tools," he says, explaining the relative ratios of technology costs to salaries, of clerical and management workers.

As the company continues to move in that direction, he says, advertising will expand into broadcast. "Right now, we're doing an awareness campaign — 30-second spots targeted to the upscale male, 25 to 49. We've been using dayparts like sports, such as NCA football, and news/information shows, like *60 Minutes* or the nightly news. The target is still the business to business, like the print advertising, but broadcast is necessary for the image.

"We will continue to position the office automation systems as tools to help the individual. They provide a solution for day to day problems."

Laura Jereski

UPDATE

(from 32)

More findings on NET advertising

A broad study of the effects of advertising on public television audiences covering nine stations shows no detrimental effects on viewership or subscriber contributions. (See: *PTV's noble experiment*, October 1983).

The study, conducted by the ELRA Group, East Lansing, MI., showed that there were measurable improvements in attitudes towards advertising and in support for goverment funding during the year. The most positive changes tended to be in the test markets where the awareness of the demonstration was the most intense, although slight improvements were found even where no advertising was seen.

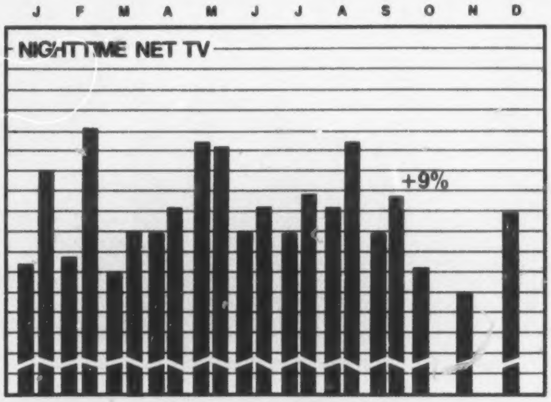
Public tv subscribers underwent a dramatic attitude shift. They became much more positive about advertising once they had a chance to see it for themselves. But there was also some evidence that NET's most generous donors may have been alienated by the advertising they saw and that support for government funding tended to weaken among regular viewers where advertising was the most intense. A quarter of the viewing public remained convinced that federal funding should end altogether if ads are permitted.

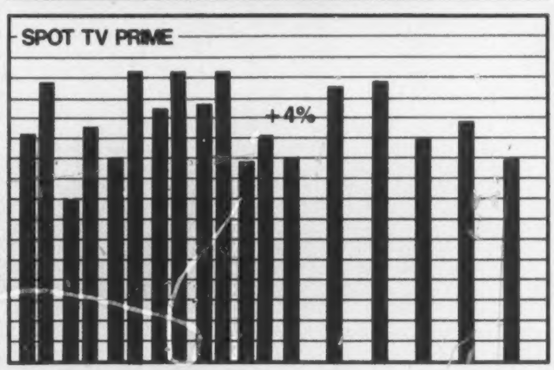
ELRA vp, Robert LaRose commented, "The advertising project had two components: an advertisng demonstration and a public education campaign. The ability of the participating stations to explain the presence of advertising to their audiences probably accounts for our findings. Our research shows that ads are acceptable on public television as long as they are carried only at the beginning or end of programs. It also shows that the presence of ads will not necessarily erode public support for conventional funding."

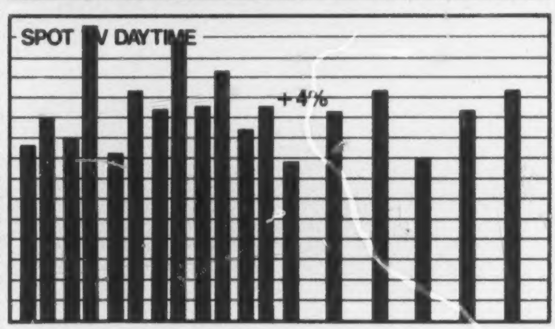
> **"... ads are acceptable on public television as long as they are carried only at the beginning or end of programs."**

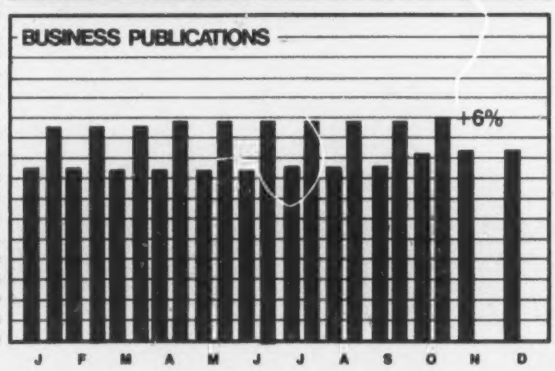
MEDIA COST INDEX

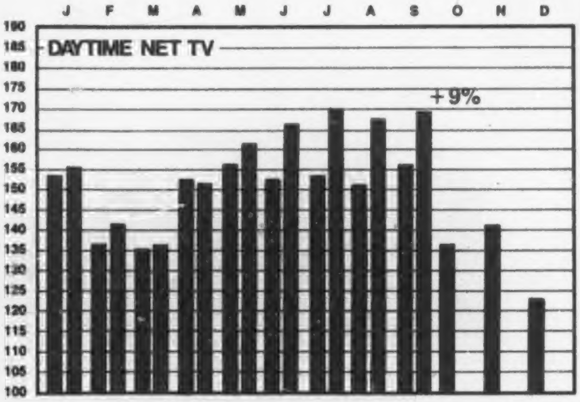
Black bars index for 1982; color bars 1983; base year 1977











The Cost Index shows comparative data for nighttime network and daytime tv, magazines, newspapers, supps, network radio and outdoor posters. With this issue, updated data is available for spot prime and daytime tv. Data for spot radio is still unavailable.

Broadcast data for the month of September show no dramatic change from the pattern demonstrated in the previous several months.

Daytime network tv for September is reported at 9% over September 1982. This continues gains of the same magnitude (9-10%) shown for the previous three months. For the first five months of this year a gain of 3% over the corresponding 1982 month was the highest.

Network radio, with a 4% gain over September 1982, is also holding within the range (3-5%) in evidence since June.

Spot tv data for the third quarter is not yet available due to a change in definition of dayparts which have to be reconciled to 1982.

The cost of an average **outdoor poster panel,** after dipping to 6% in the September-over-September report, reverted to the 10% level exhibited since May.

Newspapers, on the revised basis (1981 = 100), reverted to the 10% gain over the same month a year ago reported for all months in 1983 except August and September, each of which showed 11% gains.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

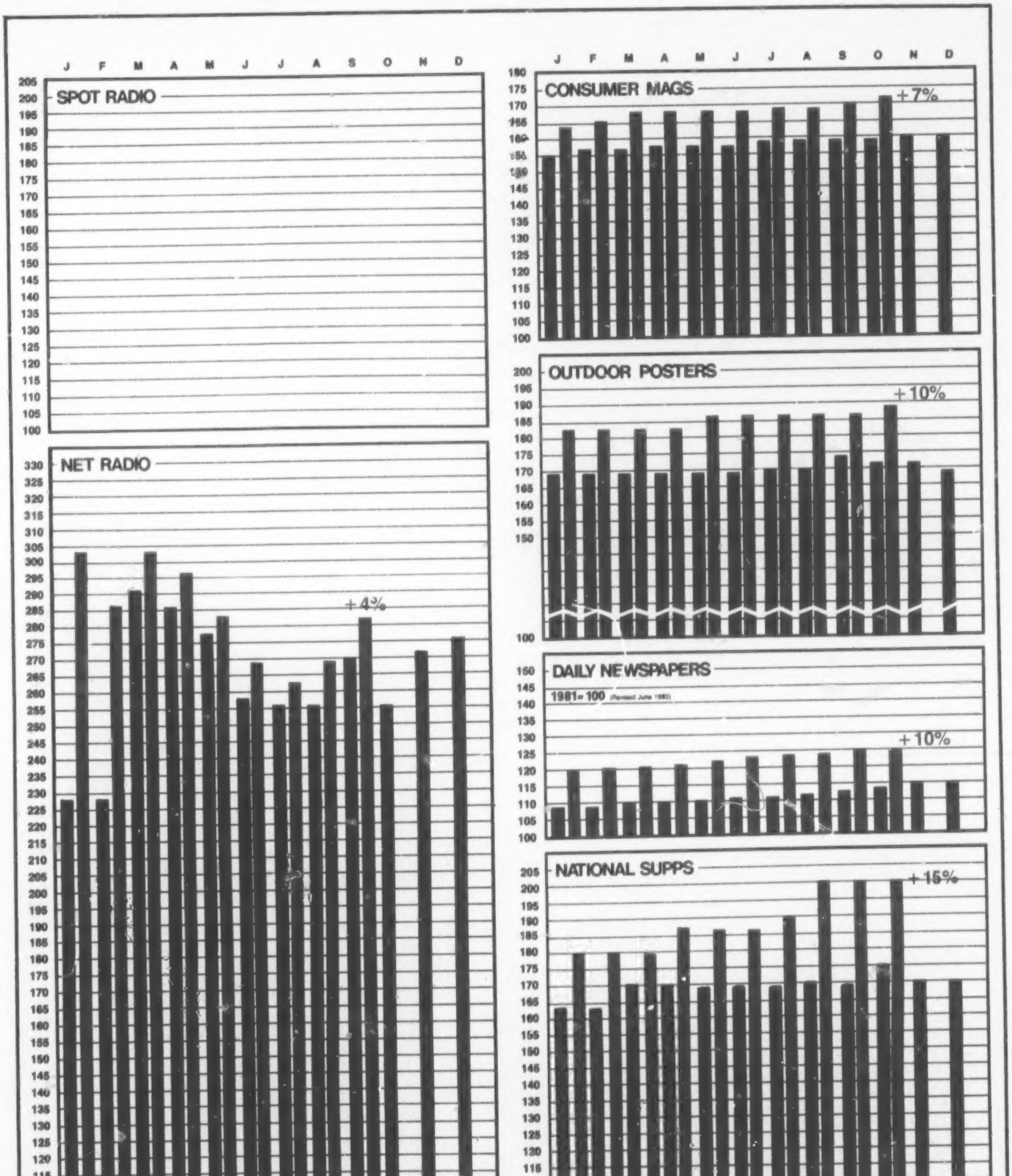
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer **Magazine** estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977



Hollywood

(from 66)

frequently include favorite critical opinions of those critics who are best known in the area. "Different cities have different responses to critics. But we'd be crazy not to use Siskel, for example, in Chicago."

To that extent, he says, the advertising strategy might be termed a localized one.

Other companies, he notes, have tried adjusting the creative portion of the marketing plan. "The cost of doing that is prohibitive, but it's been talked about here, too."

So far, the only creative adjustments in a film's campaign have been changes in tag lines, to reflect regional variations. This is most pronounced in the South, where regional variation is most evident, and can be most accurately pinpointed by the film company.

"Visual acceptance tends to be uniform all over the country," Kirchheimer notes.

Paramount's strategy has been successful for the company so far. Other film companies have taken different routes, which entail a fundamental restructuring of their business.

"We develop a number of positions with the director's help. Sometimes, we do the trailers before the film is finished. We'll test two or three different trailers, in different houses with representative demographics. It's a combination of research and instinct."

Kasloff notes that the fine targeting the trailers permit balances the heavily network tv media mix. He adds that far more testing is done on the trailers than with the advertising campaign developed after the film is finished.

The theater selected for a specific trailer is as important as those in which the film will be distributed.

"We never mask a film either in the trailer or in the selection of houses." Kasloff cites the positioning of *Ghandi* as an example.

"We knew for *Ghandi* that we would have to position the film for an older, urban audience. This was reflected in the previews. That it drew a larger audience because of the political sidelines was not something we could have used to target the film."

He says that movie marketing is similar to mass marketing "except that the shelf life for films is shorter." If the film does not prove itself at the box office in the first weekend, its life is over. He concedes that there have been exceptions, but that these merely reinforce the need for consistent testing.

If a film is opening during the Christmas or summer season, the concurrent release of other films may affect box office. On the other hand, if the film is released during a non-traditional period, as in the recent opening of *The Right Stuff* on Halloween, other external factors will contribute to initially low returns.

> **“Sometimes we do the trailers before the film is finished. We'll test two or three different trailers in different houses, with representative demographics. It's a combination of research and instinct.”**

Kasloff concludes that one additional form of testing is to hold private research screenings. "Showing the rough cut of the film is probably most important to the director," he says, adding that marketing and advertising would suffer without these.

"We showed several versions of *Tootsie* for [director Sidney] Pollack. It's important for us to gauge what's working in the film and what isn't."

The most popular alternate source of revenue is distributing films produced by independent investment groups. This route is most evident at Fox and MGM, says Dan Lee, entertainment analyst for Drexel Burnham Lambert.

He suggests that the recession is not the most accurate point of demarkation for the industry's success. "You have to look at the long term decline of the film industry over 25 years — since the advent of television. That bottomed out in the 1970's. There was some small growth after that, which is beginning to pick up now."

He suggests several factors for the recent box office spurt:

The form of available television has changed, with the establishment of movie channels like HBO. *"People have become spoiled by not having the commercial interruptions in their movies. They begin to resent that on television." This resentment, he suggests, has sparked an increasing interest in films shown in movie theaters.*

Ticket prices have not risen as fast as inflation — particularly notable in the past few years. According to Lee, ticket prices had been rising rapidly in the 1970s and have reached a stable level.

The lifestyle of the youth demographic has changed. "From what I see," explains Lee, "They're not as interested in dropping out as they were, say ten or twelve years ago. The trend established by the 'me culture' of the 70's has continued."

Along with surging box offices, Lee says, comes a more aggressive marketing strategy. This aggressiveness is evident not only in the content of television and print advertising, but in sheer volume alone. "There's much more television than there was five or ten years ago; clearly that approach is working." He says that the industry has been that the films that have done better at the box office were those that were heavily promoted on television.

While distribution has always been important to the film companies, some have turned to the system as an alternative source of income.

"There was never a point when it wasn't important for the studios to have good relationships with the theaters. It's simply necessary to get the films out there," Lee says.

What has happened more recently, he notes, pointing to Twentieth

> **“There's more television than there was five or 10 years ago; clearly that approach is working.”**

Century-Fox and MGM/UA as the leaders, is that the studios have been letting independents take production risks. The money is put together under a tax partnership, such as Silver Screen or SLM Entertainment. The package is then marketed through a brokerage house. With such a restructure system of doing business, the studios are, in effect, bowing out of the riskier end of the business and collecting revenues by safer means.

Lee turns to Fox as a prime example. "Business there has not been so good," he notes. *The Verdict* helped, but you'd really have to go as far back as *Porky's* (released in the spring of 1982) before you found a good film." The company's current position as market leader has been primarily sustained through the successful distribution of such blockbusters as *Return of the Jedi*, which has brought the company more than $67 million to date.

Does the reliance on distribution mean a reshaping of the industry? The smaller production companies will tend to emphasize film production more; the larger ones, distribution. A recent example of this is the agreement signed between Cannon and MGM: "They felt they were better off going through MGM," Lee says of the deal.

Overall, however, there seems to be no clear trend. Each of the studios is going in a different direction. MGM, under Yablans' direction, is aiming to become the strongest distributor.

"Production will be strong; they'll want to make a lot of films," Lee says. "But without the distribution, no one will see them. Distribution is an essential component, but not the only one."

The secret to distribution, he notes, and the possible goal of the major studios, "is that you need a certain number of films going through the system. You have to keep the pipeline full."

Whether the major studios reorganize into distribution entities or diversify further into areas like home electronics, the advertising patterns for future films have already been established. The critical launch period will continue to depend heavily on television. The sustaining campaign will rely primarily on the local ability of print in various forms. ■

MEDIA AND CREATIVE

(from 59)

Joseph Ostrow, executive vp, director of communications services, Young & Rubicam, Inc., said that communications between the media and creative departments on a day-to-day basis has picked up dramatically over the past several years.

"There's a great deal of discussion on individual accounts through the product group system, particularly in specialized project areas, where media planners deal with creatives on a one-to-one basis.

"In some instances," Ostrow continued, "the media plan is part of the new business presentation, sometimes there isn't, but when you're talking about the media department's involvement with new business, per se, this is absolutely the case.

"We make extensive and continuing recommendations on the use of the new electronic media, and often volunteer creative recommendations on the use of a different medium where the values would seem to be greater. There's a good deal of give and take," Ostrow admitted, smiling, "sometimes we even fight. This is healthy.

"Because of the new media," he continued, "cable, videotex, teletext, there's more communication between the two departments. And that's good too, because the synergy between the advertising message and the medium is what makes the commercial alive."

In some general comments about the media influence at different agencies, Ostrow, a highly respected observer and longtime veteran of the business said, "the clout varies from shop to shop. It depends how strong the media person is, how responsive the client is to different media suggestions."

Ostrow also said that he feels the key to further development of the media function along horizontal agency lines is the training of the younger people in all disciplines. "Our training program encompasses elements dealing with a diversity of aspects of the advertising business. This, Ostrow believes, will help the media professional of the future to move easily in his understanding of the various disciplines that contribute to the advertising process.

Phil Guarascio, senior vice president, director of management, Benton & Bowles, Inc. had these comments: "Almost always the media plan is included in our new business presentation as an important part of our credential as a perspective agency.

"If you look at the organizational structure of Benton & Bowles, we consider media an important part of the company. We have media intensive clients. The media function is an important part of what we do.

"The media and programing parts of the agency," Guarascio added, "present special resources to the client.

"Three of the people at the senior management level of the company are former media directors.

"I think that the media department has had direct involvement with the creative department through the core group system. The media department representative is part of the group. These people approach the marketing of a product on a strategic basis. The lines of the departments become blurred. People talk generally about advertising and marketing. This isn't new at Benton & Bowles. We've been doing it for 15 years," Guarascio, a 20-year veteran of JWT.

"As we have seen our media efforts become more diverse, a closer communication between media and creative is necessary, because we are dealing in different kinds of areas.

"The way we look at it at B&B is we like to consider ourselves as advertising and marketing people who happen to have a media specialty. We must make sure we retain the generalist attitude of the business as a whole, while we hone our specialization in media.

"Target marketing is going to place more of an emphasis in not only being good at our specialty but to be able to relate it to other sectors of the agency," Guarascio concluded.

It would seem that the judgement of these five experts coincides at least on one point. The media planner of the eighties, and of the nineties is going to be more of a generalist. While knowing his job, he is going to have to be attuned to, and appreciative of, his collaborators in the advertising process.

David Graham Halliday

FEBRUARY 1984 • $3.00

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Consecutive page punch
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or Richard
nior vp/
ctor, New York
alter Thompson,
his "white pea."

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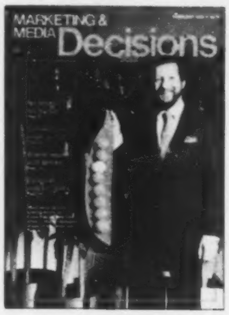

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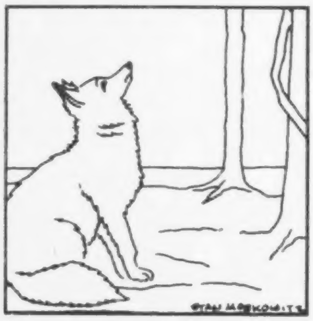

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Regardless of size barter will boom

While some may argue that size counts, agency media directors don't particularly care just how large the national syndication market is. Whether the market will bill $320 million for 1983-84 or the $500 million that syndicators tout, media directors continue to rate barter syndication high as a cost efficient tactic for clients to fill in where network tv is not enough.

Is it simply a case of sour grapes or has Blair Television's white paper on ad supported syndication shed new light on the pitfalls and perils of buying barter programing?

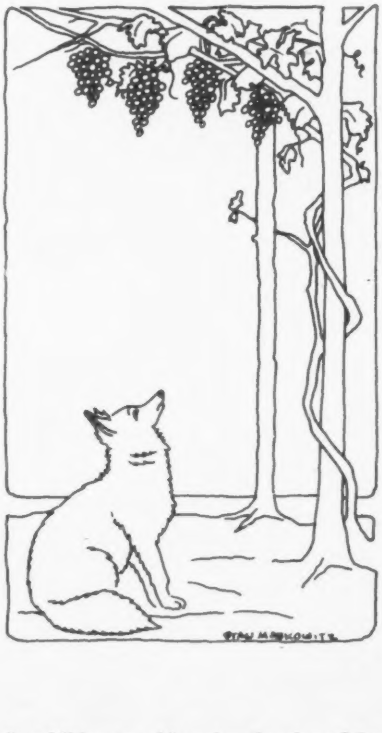
If the study was supposed to dampen agencies' ardor for barter programing, it has failed in its mission, as agencies contacted by DECISIONS, report billings for national syndication will be up substantially for 1984.

While Blair has not blitzkrieged agencies with its barter study, the company called a press conference last November "to disclose the current prices and audience delivery of individual programs to show clearly what advertisers and stations are getting from their barter shows." Not surprisingly, Blair's report received tremendous press coverage and raised the ire of syndicators who immediately dismissed it as "incredibly naive."

In releasing the study, Blair Tv's president, Walter Schwartz, explained the company's rationale. "There's been a lot of sizzle about barter lately, and we're tying to bring it into perspective."

And Blair's perspective is that while the ad supported syndication market is big, it's not as big as the syndicators tout — with Blair's estimate of the market coming in on the low end at $320 million, compared with the syndicators' estimate of $500 million.

Blair asserts that syndicators use the $500 million volume figure "as a lure" to attract more advertisers to their fold.



In addition to addressing the size of the barter market, Blair outlines other problems with the medium — problems of reach, efficiency and make goods — which agency media directors say they are already well aware of and take into account in pricing negotiations.

"Anyone who buys barter already knows what the Blair report revealed. All of the problems are factored into the pricing. And quite frankly, the volume — whether it's $300 million or $500 million — doesn't make a bit of difference in making media decisions," one agency media director states.

Blair's perspective

Blair executives contend that the report, prepared by Jack Poor, senior vice president and director of support services, is "realistic, not negative." The project, they explain, grew out of growing concerns from tv stations over the burgeoning category of ad supported national syndication.

As more programing is made available to stations via barter, and as license fees for off-network syndicated fare, such as pricey reruns like *M*A*S*H* and *Magnum, P.I.*, continue to skyrocket, stations are rethinking their options, especially in anticipation of a bull market. In a typical barter programing arrangement, a station relinquishes about half of its commercial inventory for the show, in exchange for the "free program, rather than pay a license fee. During the past recession, syndicators made available a plethora of first run syndication, offering it for barter. Other variations abound, most notably the cash/barter combo where the syndicator takes out 30 seconds for national advertising and charges the station a license fee as well.

Station managers say they would rather pay cash for programing because the syndicators are demanding more commmercial time in barter deals, and that cash programs would be better for the station's bottom line as it would return control of commercial inventory to the station.

Stations, too, believe that barter detracts from their spot dollars with advertisers dipping into their spot, rather than network advertising budgets to pay the freight on barter. Most agencies disagree and maintain the client dollars for barter are siphoned from network, rather than spot budgets.

◀ **Jack Poor, sr/vp director of support services, Blair Television.**

In a nutshell, Blair's report concludes that "barter is not efficient comparing rate card to network efficiencies," but acknowledges that "the rate card can be negotiated down to an efficient basis." The report also points to barter's uneven performance on a national level. Furthermore, Blair states "barter guarantees and makegoods are erratic and non-selective."

Syndicators speak out

Syndicators dismiss the content of the Blair report, pointing that Blair Tv, representing 123 stations is obviously

Continued on page 166

Barter revenue — how much is really out there?

Annualized revenue based on 4th quarter 1983

"Gross" potential (rate card/100% sold) $517,712,000
"Real" potential (discounted/100% sold) $389,016,000
"Realized" potential (discounted/80-85% sold) $320,940,000

---

*Blair Tv's report on barter, issued Nov. 29, 1983

Barter — how does it perform?*

Efficiencies

At rate card, barter looks generally inefficient vs 3rd quarter network CPM's.

Program	May 83 US HH's	Rate Card CPM	Network CPM
Entertainment Tonight	6,224	$ 5.62	$3.50 (AV. PRIME/DAY)
PM Magazine	6,555	7.63	3.23 (EVENING NEWS)
Family Feud	9,380	5.86	3.50 (AV. PRIME/DAY
People's Court	7,826	5.75	3.50 (AV. PRIME/DAY)
Lie Detector	1,521	19.72	3.50 (AV. PRIME/DAY)
Donahue	5,945	3.03	2.33 (DAYTIME)
Hour Magazine	3,596	4.17	2.33 (DAYTIME)
Merv	1,645	5.47	2.33 (DAYTIME)
Solid Gold	6,224	5.62	4.28 (PRIME/LATE NITE)
Dance Fever	4,723	5.29	4.28)PRIME/LATE NITE)

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*From Blair Tv's report on barter, issued Nov. 29, 1983

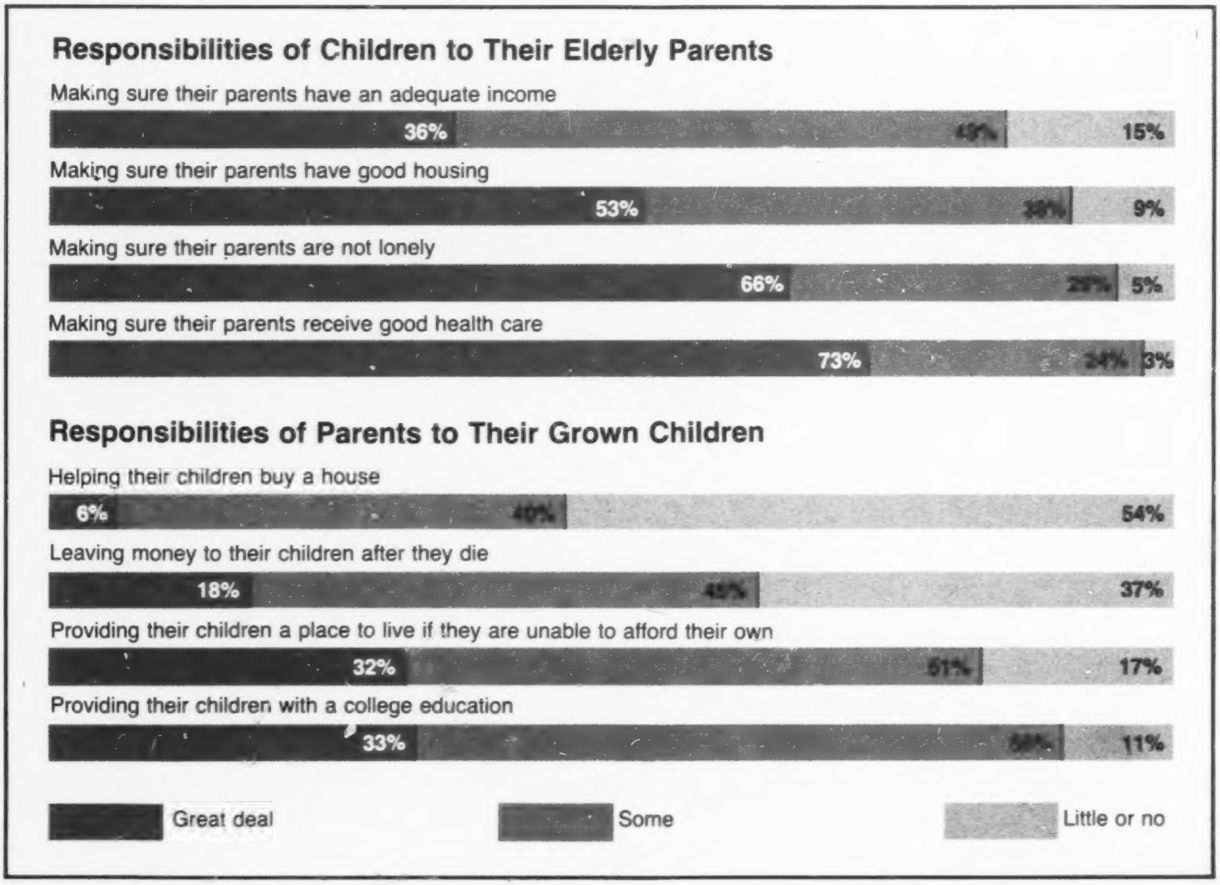
Do you know your consumers?

Why are mass marketers glancing back at a once faithful consumer base . . . and finding no one there? No one they recognize, that is.

Some have gone so far as to herald the phenomenon 'the disintegration of the mass market.' A closer look reveals that most marketers are just waking to a shift that has been underway for over a decade. Two recessions have sharpened the differences in attitudes and lifestyles. That mythic image of a mass market — a vast conglomeration of like-minded, *like-buying* consumers — is no longer an apt metaphor for American society.

But while the differences are becoming more perceptible, certain underlying assumptions still bind the majority of American consumers. The old standards by which marketers determined that 'mass market' were the middle income range, the traditional family structure, the 'keep up with the Joneses' social and material pressures. These, as Yankelovich, Skelly and White pointed out in 1980, no longer reflect the concerns of most Americans.

Instead, the majority of Americans are united in their concern for themselves. Not a 'Me Generation', as it was called in the 1970's — the search for internal fulfillment. It is a percep-


Responsibilities of Children to Their Elderly Parents

Responsibilities of Parents to Their Grown Children

Selected Social Values by Age and Political Ideology

	AGE				POLITICAL IDEOLOGY		
	18-22	23-27	28-32	33-36	Liberal	Moderate	Conservative
% that would welcome more acceptance of sexual freedom	50	41	40	29	55	40	33
% approving of unmarried adults of the opposite sex living together	57	60	60	44	68	59	45
% that would welcome more acceptance of marijuana usage	25	26	27	14	37	23	16

Source: American Council of Life Insurance

◀ The individualism noted by market researchers shows up in this attitudes study, part of a report on the baby boom generation, conducted by the American Council of Life Insurance and the Health Insurance Association of America.

Faith Popcorn,
President of BrainReserve.

tion of the world that takes external factors — work, purchases, crime — personally, that seeks self-reflection in surroundings. And while consumers are increasingly keen to have their identity reflected, they are just as eager to emphasize their individual distinctions.

Some marketers, bolstered by the flow of data, are catching on. And they are turning to market researchers to help identify the characteristics of the new, strange breed of American consumers.

The mass market has always been associated with middle income levels. Now, economists and marketers are concerned over U.S. Government figures that show a decrease in that income bracket.

Stephen J. Rose, a Baltimore-based economist, explains the shrinking middle class. While 55% of the population fell between low ($17,000) and high ($41,000) income in 1978, only slightly more than 40% are now middle class, a change he calls alarming. He notes that most of the movement has been downward, and identifies some factors -- households headed by women, who tend to earn less than men.

"This shift in incomes has been underway since the late Sixties. I think it may be gaining critical mass. People are awakening to the idea that things are not the way they used to be.

"For the first time since World War II, people's expectations for their children have changed: they no longer expect that their children will live better than they did."

He ascribes this in part to changes in the standard of living — the saturation of education, for example. This correlation between changes in income and expectations is also due, in part, to the development of a two-tiered service economy.

"You could divide it into day and night, in a way," he explains. There are the information controllers — the managers — who work during the day, and the key punch operators, the fast-food workers, the janitors who work at night."

In the economy as a whole, Rose sees two major trends shaping the consumer. One is the shift in the social structure: the growth and growth rate of single households, which is far greater than that of married households; the increasing disparity in incomes; a greater demand for big ticket items from a minority that is receiving an increasing proportion of income. In the business sector, he points to the transition between a manufacturing economy to a service economy, which has been underway for some twenty years.

Other observers are reluctant to pin behavioral changes on income. Jonathan Robbin, founder and chairman of Claritas, the Washington-based research firm, disagrees with the very notion of a mass market.

"Logistically, it never existed. If you have only one way to reach the market, it is more convenient to deal with it as a mass. But the tools to segment the market have existed for some time." He points to the PRIZM system devised by his firm, which "segments geographically *and* attitudinally."

Judith Langer, President of Judith Langer Associates.

Rate of new product introductions

	Average 1964-1979	1980	1981	1982	1983
Jan.	64.3	90	85	75	99
Feb.	66.8	74	80	98	139
Mar.	73.7	114	102	104	151
Apr.	81.7	120	122	113	140
May	80.6	118	149	142	169
June	76.0	122	144	152	178
July	69.9	94	109	141	181
Aug.	70.8	87	92	129	148
Sept.	78.5	89	93	120	136
Oct.	79.7	121	102	135	142
Nov.	83.1	123	118	158	161
Totals	825.1	1,152	1,193	1,367	1,644

Source: Dancer Fitzgerald Sample

"It's a problem for those who aren't geared up for the approach, but it's really only a matter of time before everything turns on distinctive selling. It makes economic sense.

"Increasing income inequality is a myth," he says, citing government statistics in turn. "I don't see the numbers justifying those claims." Reading from the P60 series, number 129 of government income studies, he points out that the top 5% had a 17.5% share of income in 1955, a 17.2% share in 1969, and a 17.4% share in 1979.

More significant changes, according to Robbin, occur when people move, when the composition of occupations changes, when people's status changes. Of the disintegration of the mass market, he says simply, "people are beginning to realize that there never was one. The tools they had in hand then, the structure of the media, advertising, all forced the notion of the mass market.

"Now, we are more successful in segmenting our marketing efforts. And there are no products that are flat — that have no profile at all. Any product is bought more by one than another. What we are seeing is the evolution of procedure, of marketing strategy and of our capabilities."

This is an opinion echoed by Fabian Linden, who heads up the Conference Board, a New York-based consulting firm. Linden, however, takes the argument a step further: "There has been no grand change in segmentation of the American consumer population. The market has always been segmented, to no greater or lesser extent than now."

He adds that the market may, in fact, be less segmented now than twenty years ago, since a greater number of people have more in common — education, cars, television.

"This," referring to the notion that the composition of consumers may be altered by the disappearance of the mass market, "sounds to me like that 'Me Generation' idea. A trite platitude that becomes prevalent. These are nothing more than popular concepts that people keep talking about as if they have any meaning.

"I see that the market changes, but it is the continual flux and flow of demographic and social changes." He adds that he is more interested in "genuine, measurable changes" that describe the market more accurately: the growth rate of the 35-44 segment, for example.

"It's not as transcontinental an idea, but a good deal more real."

Like Linden, Faith Popcorn, president of the New York-based BrainReserve, feels that consumers will be more united than segmented in the next decade.

Consumers, she says, are more aware of what they want and of the way products are marketed: "What started out as Naderism is going to become a consumer revolution." This 'Conscious Consumer' is not unique to any income or social segment.

"Products will have to prove their effectiveness. The new standard will be whether it works or not." This, she notes, creates different demands on established products. Consumers have been exposed to hard sell and soft sell — now, she says, they want real sell.

In the absence of any group, the demand for more information has been "expressed individually." She notes that the same dissatisfaction that her respondents have expressed in terms of consumption, extends to social needs as well.

Concern over crime, for example, tends to be expressed in personal or individual terms, like "this could happen to me," rather than within the social framework ("the government can/should take care of this"). Dr. Ruth

Continued on page 142

CABLE AD SCOREBOARD

BBDO

Arnie Semsky, executive vp, director of media and programing services

Dodge (MTV, WTBS, ESPN, TNN)
Pillsbury (CBN, WTBS)
American Cyanamid (ESPN, WTBS, Lifetime)
Wrigley (WTBS, CNN, MTV, USA, BET)
Campbell (WTBS, USA)
Armstrong (USA)
Stroh's (WTBS, USA, MTV, TNN)
Pepsi (MTV, USA, ESPN, BET)
Firestone (ESPN, WTBS)
Dean Witter (ESPN, CNN, FNN)

Estimated billings in cable:
1983: $15 million
1984: $17 million

CUNNINGHAM & WALSH

Frank McDonald, executive vp, director of media and mktg. services

Mitsubishi Motors (ESPN, MSG)
Folgers Coffee (CBN, CNN, WTBS)
Actrix Corp. (WTBS)
Ricoh of America (CNN, WTBS)
Blue Nun (ESPN, USA, CNN, WTBS)
Sterling Drug (CBN, MTV)
Quantas (Undetermined)
Pendleton Mills (CNN, ESPN)

Estimated billings in cable:
1983: $2.5 million
1984: $3 million

DANCER FITZGERALD SAMPLE

Allen Banks, sr. vp, media director

Florida Citrus
Duracell
GM
Hanes
L'Eggs
Lifesavers
Lorillard
Parker Bros.
Peter Paul
Procter & Gamble
R.C. Cola
Simplicity Pattern
Toyota
Wendy's
Wrangler
Cable networks used include: CNN, WTBS, Lifetime, ESPN, MTV, TNN Network, USA, WEATHER

Estimated billings in cable:
1983: $12 million
1984: $15 million

KENYON & ECKHARDT

William Tennebruso, senior vp, director of corporate media services

Ocean Spray (WTBS)
Chrysler (CNN, USA, ESPN, Lifetime)
Prudential Bache (FNN, ESPN, Business Times, ESPN)
Holiday Inn (ESPN, USA)

Estimated billings in cable:
1983: $11 million
1984: $7 million

DOYLE DANE BERNBACH

Jay James, senior vp, video technology

Atari (MTV, USA, ESPN, local)
American Greetings (local)
Borden (local)
Bulova (CNN)
Carteret Savings & Loan of New Jersey (local)
Celestial Seasonings (Lifetime)
Chanel (MTV, Telefrance)
Columbian Coffee (CNN)
GTE (CNN, ESPN, Business Times, local)
Hershey (MTV, local)
Hyatt Legal Services (local)
IBM Corp. (Business Times, CNN, WTBS, ARTS, BET, local)
IBM Informations Systems Group (ESPN, WTBS, local)
Foodways (local)
Mobil (USA, ESPN, BET, Lifetime, local)
Murjani (local)
Procter & Gamble (local)
Ore-Ida (WTBS, CNN, Lifetime, CBN, local)
Paul Masson Wines (ESPN, USA, CNN, local)
Porsche-Audi (USA, Business Times, local)
Seagram (National Jewish Television)
Steak-Umm (WTBS, CNN, Lifetime)
Sylvania (ESPN, local)
Teledyne Water Pik (CNN, Lifetime)
Universal Pictures (MTV, USA, ESPN, CNN, BET, TNN, local)
Volkswagen (USA, ESPN, local)
Weight Watchers (Lifetime, USA, CNN, local)

Estimated billings in cable:
1983: $10.6 million
1984: $14 million

N W AYER

Marcella Rosen, senior vp, media director

Seven-Up (MTV)
AT&T Corporate (Business Times, CNN, WTBS, C-SPAN, USA)
AT&T Communications Residence (CNN, WTBS, ESPN)
U.S. Army (ESPN, USA)
Lucite (ESPN)

Estimated billings in cable:
1983: $2.1 million
1984: $3.1 million

COMPTON ADVERTISING

Steve Fajen, senior vp, media director

Procter & Gamble (WTBS, CNN, CBN, Lifetime Hearst/ABC)
Thompson Medical (WTBS, CHN, CBN, USA BET)
Johnson & Johnson (CNN, WTBS)
National Enquirer (WTBS, WOR, WGN)
British Airways (Business Times, MTV)

Estimated billings in cable:
1983: $7.1 million
1984: $10 million

SSC&B

Jack Otter, senior vice president, director of network programing

Mennen(ESPN) Noxell (USA, MTV, WTBS)
Carnation (WTBS and CHN)
Steak & Ale (WTBS)

Estimated billings in cable:
1983: $2.7 million
1984: $4 million

TED BATES

Walter Reichel, senior vp, executive director, media and programing

Prudential
M&M/Mars
Kal Kan
Carter-Wallace
General Foods
ITT/Continental
Nivea
Colgate-Palmolive
Cinemax
Home Box Office
Mobil
Cable networks used include: ESPN, MTV, Nickelodeon, CBN, WTBS, CNN, USA, Lifetime, BET and local

Estimated billings in cable:
1983: $4.5 million
1984: $8.2 million

BENTON & BOWLES

Phil Guarascio, senior vp, director of media management

Pinkerton (WTBS)
Digital Equipment (ESPN, WTBS, USA)
Texaco (local)
Corning Glassworks (Lifetime)
Showtime (MTV, local)
Procter & Gamble (WTBS, CNN, USA, BET, various other networks)
General Foods (WTBS, CNN, CBN, Lifetime, local)
Richardson Vicks (MTV, Lifetime)
Nabisco (CNN)

Estimated billings in cable:
1983: $10 million
1984: $11.5 million

LEO BURNETT

Ken Lane, senior vp, director of media services

Allstate
Keebler
Kellogg
McDonald's
Memorex
Nestle
Oldsmobile
Pillsbury/Green Giant
Procter & Gamble
RCA
Star-Kist
Union Carbide
Union Oil
United Airlines
Wilson
Systems used (WTBS, CNN Headline ESPN, USA, Weather, MTV, Lifetime, BET SNC, and local systems)

Estimated billings in cable:
1983: $7 million
1984: $8.5 million

CAMPBELL-EWALD

Duane Kell, senior vp, director of broadcast media

Goodyear
Chevrolet
Eastern
Burroughs
AC Delco
GMAC
National Car Rental
Cable networks used include: ESPN, FNN, USA, SNC, WTBS, CNN, CNNHN, Lifetime, ARTS, WEATHER, CBN, MSG and local.

Estimated billings in cable:
1983: $10 million
1984: $15-$20 million

FOOTE, CONE & BELDING

Frank Gromer, senior vp, national director of media

Alaska Tourism
ARCO
Armour-Dial
Bermuda Dept. of Tourism
Clorox
Coors
Dole
Embassy Pictures
First Interstate Bank Corp.
Kimberly-Clark
Swift & Co.
Levi-Strauss
MCA Recreation
Mazda
Pacific Telephone
Pizza Hut
Sears
Stokely-Van Camp
Sunkist Growers
Kraft
Temple University
Wallpapers-To-Go
Zenith
Cable networks used but not specified by client include: WTBS, CBN, CNN, USA, ESPN, MTV, SNC, WEATHER

Estimated billings in cable:
1983: $12 million
1984: $18 million

WELLS RICH GREENE

Bob Geis, senior vp, director media

Procter & Gamble
Ford
Chase Manhattan
Pan Am
Miles Laboratories
The Gap
Cable networks used include: CNN, WTBS, MTV, Lifetime, FNN, ESPN.

Estimated billings in cable:
1983: $5 million
1984: $10 million

GREY ADVERTISING

Alec Gerster, executive vp, director of media programing

American Council of Life Insurance (CNN)
Block Drugs (WTBS, ESPN, INN, CHN, CNN)
Borden (WTBS, ESPN)
Carter Wallace (WTBS, ESPN, USA, MTV)
Canada Dry (CNN)
Esmark (CHN, SPN)
General Foods (CHN, ESPN)
Izod (ESPN)
Kenner (SIN)
Mennen (SPN, SIN)
Panasonic (MTV)
Questor (SPN)
Remington (WTBS, CNN)
STP (WTBS, ESPN)
Timex (ESPN, INN)
Warner Bros. (MTV, USA, SIN, ESPN, WTBS)
3M (ESPN)

Estimated billings in cable:
1983: $5.6 million
1984: $6.5 million

D'ARCY, MACMANUS MASIUS

Dick Simon, vp, assoc. dir., corporate broadcast

Mars (MTV, ESPN)
Anheuser-Busch (ESPN, BET, MTV, SIN, WTBS)
Cadillac (ESPN, USA)
Pontiac (ESPN, USA)
CPC (local)
Whirlpool (WTBS, CNN)

Estimated billings in cable:
1983: $15.4
1984: $19.5

OGILVY & MATHER

Ken Caffrey, senior vp, executive dir., media operations

AT&T Information Systems
American Express
Campbell Soup
Columbia Pictures
Esmark (International Playtex)
Ex-Lax Chocolate
General Foods
Hershey
Kimberly-Clark
Mattel
Menley & James Labs
Owen-Corning Fiberglas
Shell Oil
Publishers Clearing House
Cable networks used but not specified by client include: USA, ESPN, MTV, Lifetime, CNN, WTBS.

Estimated billings in cable:
1983: $9 million
1984: $11 million

NEEDHAM, HARPER & STEERS

Wes Dubin, senior vp-broadcast

Dorsey Labs
Quasar Elect.
Sears
State Farm Insurance
Shasta
Rubbermaid
Kraft
G.D. Searle
Clorox
General Mills
Xerox
Honda
Amurol
Cable networks used include: CNN, CBS, SNC, Lifetime, ESPN, WTBS, USA, BET, FNN, SPN, TNN

Estimated billings in cable:
1983: $6.4 million
1984: $8.3 million

J. WALTER THOMPSON

Norm Varney, senior vp, new electronic media development

Dunlop
Orkin
Six Flags Over Georgia
Activision
Kemper
Kraft
Quaker
Ford
Anco
Champion
Kodak
Reynolds
American Gas. Assn.
Goodyear
U.S. Marines
National Education Assn.
Hyatt
Gerber
Sears
Monroe Shock Absorbers
Lever Bros.
Warner-Lambert
Genesco
Cable networks used include: ESPN, WTBS, WOR, WGN, USA, WEATHER, MTV, USA, CBN, CNN, CNNHN, TNN, ARTS, SNC, BET, BUSINESS TIMES, NICKELODEON, SIN, LOCAL and REGIONAL.

Estimated billings in cable:
1983: $14 million
1984: $20 million

YOUNG & RUBICAM

Ira Tumpowsky, vp, group supervisor for cable

General Foods (WTBS, CNN, USA)
Lincoln-Mercury (CNN, ESPN, Business Times)
USA Today (CNN, WTBS, SNC, ESPN)
Johnson & Johnson (WTBS, CNN)
Ford Motor (USA, BET, WTBS)
Merrill Lynch (CNN, C/Span, Financial News Network)
Clorox (WTBS)
Rust-Oleum (WTBS, ESPN)
Time (CNN, WTBS, ESPN, TNN, SNC, WOR, USA)
U.S. Postal Service (USA, ESPN, CNN, Business Network News)
Du Pont (Pharmaceuticals) (Lifetime)
Jamaica Tourist Board (CNN)
Suzuki Motor (ESPN, MTV)
Cadbury Schwepps (MTV, USA)
Garcia (ESPN CBN)
AT&T Corporate Campaign (WTBS)
Sanyo Electric (WTBS)
CBS Records (MTV)
Atari Coin-Operated Games (MTV)
Eastman Kodak (WTBS, CBN, TNN, Lifetime, BET, USA)
Murray Ohio Mfg. (Bicycles) (MTV)
JVC (ESPN, USA, CNN)

Estimated billings in cable:
1983 - $34 million
1984 - $37-$38 million

Key to Abbreviations

ARTS: Hearst/ABC Video Enterprise Alapha Repertory Television Service, cultural programing. Relaunched as ARTS Entertainment Jan. 1984, incorporating RCA/Rockefeller Center's Entertainment Channel.
BET: Black Entertainment Television, black oriented sports, features and movies.
CBN: CBN Cable Network, general interest, all family drama, sitcoms, westerns.
CNN: Cable News Network, Ted Turner's 24-hour, all-news channel.
CNNHS: Cable News Network Headline Service—short, international and national news update.
CMT: Country Music Television 24-hour country-western music video clips.
ESPN: Entertainment and Sports Programing Network, predominantly a sports channel with additional early-morning business news—Business Times.
FNN: Financial News Network—financial/investments news and stock quotations.
LIFETIME: Newly merged Cable Health Network and Daytime services. Women's service/health and fitness from Hearst/ABC/Viacom Entertainment Services.
MSG: Madison Square Garden Sports.
MSN: Modern Satellite Network—general information channel, including the Home Shopping Show.
MTV: Music Television, from Warner Amex Satellite Entertainment Corp.—24-hour contemporary music channel.
NICKELODEON: all-children's programing, Warner Amex Satellite Entertainment Co.
SIN: National Spanish Television Network—all Spanish programing.
SPN: Satellite Programing Network, talk shows, movies, how-to's.
TNN: The Nashville Network, country/western music, with variety, comedy and sports.
Telefrance: French-language documentaries, movies. Now defunct.
USA: USA Cable Network, sports, women's talk shows, children's.
WEATHER: The Weather Channel, Landmark Communications 24-hour national, regional and local weather information with special weather features.
WGN: WGN-TV, a Chicago independent broadcast station, Tribune Co. superstation.
WOR: RKO's WOR-TV, New York, independent superstation.
WTBS: Ted Turner's WTBS-TV, Atlanta, superstation.

BRAND REPORT 95:

Soft drinks

Grape Soda
7UP
Coke
Dr Pepper

Hard rock meets soft drinks this year as marketers seek broader youth demographic identification. Major brands sponsor national tours of pop music groups, push no-caffeine brand extensions, and look to the low-calorie diet end of the market for continued growth.

1983 definitely was not a hard year for soft drinks.

The five percent growth reported by the industry was attributable to a number of factors including an increase in media expenditures. Primary among those factors was expanded product diversification. In most cases, that diversification focused on what is missing rather than anything added. While absence of caffeine and calories were issues in product formulation, the industry was also undergoing a change in marketing and creative strategy. The second tier brands were seeking ways of increasing product identification

1982 soft drink media expenditures for leading brands

Brand	Total	Magazines	Network tv	Spot tv	Spot radio	Outdoor
Coca-Cola	$46,183,500	$276,000	$17,196,700	$20,097,100	$6,098,800	$2,515,500
Canada Dry	8,600,500	—	4,263,900	3,832,300	461,100	43,200
Dr Pepper	15,422,800	—	8,324,300	4,649,900	2,254,900	193,700
Pepsi-Cola	34,501,900	—	7,247,700	17,948,300	8,445,100	860,800
Seven-Up	22,414,800	33,200	14,526,200	2,623,700	3,410,600	1,821,100
Crush	5,283,800		39,200	5,091,500	132,000	—
Royal Crown	7,699,700			5,765,000	1,537,600	397,100
Diet soft drinks						
Tab	18,433,500		10,151,500	7,891,000	330,500	60,500
Diet Pepsi	14,258,300	209,300	6,071,200	6,684,100	1,227,200	66,500
Diet 7-Up	8,072,300	268,000	5,571,900	1,205,200	1,603,500	23,700
Diet Rite	4,367,200			4,161,100	206,100	—

Source: MSI, RER.

with a younger demographic, and looking to associations with pop music performers to do that job.

Last January, Canada Dry, following the purchase by Dr Pepper, sponsored the national tour of the pop-rock duet, Hall & Oats. And in November, Pepsi-Cola announced it was sponsoring the reunion tour of the Jacksons, including the ubiquitous Michael. With its $10 million entry fee, Pepsi-Cola will use footage from those concerts. Coca-Cola is also sponsoring a tour by Duran Duran.

Meanwhile, Dr Pepper has switched from its "Be a Pepper" campaign to a new positioning based on the Stanford Research Institute VALS (Values and Life Styles study) to woo the expanding numbers of inner-directed young people.

This revolution in soft drink marketing was started nearly two years ago when Seven-Up decided to make the absence of caffeine in the brand a positive product attribute. Although decried by the industry, the move, heralded as a trend, was soon followed by Pepsi Cola, Sunkist, Dr Pepper, and Coca-Cola USA.

Industry estimates for the year indicate that there is more interest in no-caffeine products than was at first presumed. Winners have been Dr Pepper and Pepsi Free, which has expanded to a diet version.

For all the activity associated with caffeine-free products, much of the industry success came from the diet category. One industry observer said, "The diet category really exploded last year." In fact, that segment posted a 20% gain.

Low-calorie is considered by most producers to be the major growth area for the remainder of the decade. The improved flavor possibilities created by the new sweetener, aspartame, to which most diet sodas are switching, is a strong factor in enhancing diet soda popularity.

A major factor in the expansion last year was the introduction of diet Coke. After completing the national roll-out in mid-year, the new Coca-Cola USA brand had moved into the top 10 selling brands. Most of this has been good news for Coca-Cola USA, but some of the sales success of diet Coke came at the expense of TAB, the company's long standing diet soft drink leader.

While sugar and caffeine are increasingly out of soft drinks, the jury is still out on sodium. Royal Crown Company took the initiative in late summer to bring out a sodium-free product for those concerned about high blood pressure. Although Royal Crown may be on the right track with a sodium-free entry, no other producers have come out with competing products.

And the dark horse in the soft drink market, Procter & Gamble, has yet to make a big move. Industry observers continue to wonder what P&G will do with its Hires root beer and Orange Crush brands. The main question is how P&G will approach the market, through franchised bottlers, or through a warehousing system, as Shasta does.

Should P&G prove serious in its soft drink efforts, the industry leaders will be up against some formidable competition.

Meanwhile, the fiercest battle in the industry continues to be between Coke and Pepsi. Industry insiders indicate that Coca-Cola has been able to withstand the inroads made by Pepsi Cola with its taste test campaign. Sources contend Pepsi Cola and other PepsiCo. brands have been suffering in the battle with Coca-Cola USA since the departure of President John Scully.

In the aggregate, Coca-Cola USA has been on a roll since the introduction of diet Coke. Despite cannibalization from Tab, the momentum of the brand apparently has had a rub-off effect on the whole Coca-Cola family of brands.

Spending coincides with brand share for this market, as it does with most. Coca-Cola was the major presence in the media in 1982, and continued to be in 1983. The 1982 total for just the Coca-Cola brand came in at $47 million. Pepsi Cola followed at $35 million; Seven-Up at $23 million; and Dr Pepper and Royal Crown at $11 million each.

A contender in 1983's figures, not available for the year until April, will be diet Coke.

Among the other diet drinks, Tab was the leader in 1982 with $18.4 million, followed by Diet Pepsi, $14.3 million, Diet Seven-Up, $8.1 million; and Pepsi Light, $5.7 million.

Television remains the mainstay of soft drink media plans, heavily supported by spot radio in many cases. The major user was Pepsi Co., with $13.1 million, followed by Coca Cola USA at $8.7 million.

Coca-Cola

The preeminent advertiser in the soft drink category outspent the competition in 1982, and probably achieved that distinction in 1983 as well. Working with the "Coke is it" theme, Coca-Cola USA blanketed spot and network television in the previous two years with its quality lifestyle executions that tie in use of the beverage with an energetic, responsive, rewarding life in leisure-time activities.

Coca-Cola's strategy has been to emphasize local market conditions with spot buys while establishing a strong base with network television. Spot radio also reinforces the lifestyle impression with its musical background.

Magazines have played a scant role in Coca-Cola's overall marketing and media plan, accounting for less than one-half a percent of the advertising budget.

But while covering the nation, Coca-Cola has noticed an area that had been paid insufficient attention: the Hispanic market. President Brian Dyson announced in November a National Hispanic Business Agenda, a program to create a business and civic partnership in support of the U.S. Hispanic community. In making that announcement, Dyson said that Coca-Cola USA "will allocate more than $10 million to reach the Hispanic market, and at the same time, be a helpful partner in meeting key Hispanic needs."

Dyson further advised, "Coca-Cola USA believes that each Hispanic market should be approached individually. This regional strategy will be used in all advertising, promotions, economic development and community relations for Coca-Cola."

Dyson said that Coca-Cola is allocating over $5 million in Spanish language television and radio to reach the Hispanic community in 1984.

Another area Coca-Cola is probing is rebates. At the holiday season in 1983, the company announced a Mickey Mouse Christmas Cash Book. Rebate booklets were distributed in can multipacks and attached to two-liter bottles. The program was scheduled to run through late November to the end of February. It was supported by color ads in *Good Housekeeping*, *TV Guide*

Diario Las Américas Readers Spend Mucho Dinero.

Diario is the one media that reaches and motivates the biggest spenders in Miami's booming Hispanic market.

In the big and growing Miami Hispanic Market, Diario Las Américas is like money in the bank.

Here's why: The average annual family income of Diario Las Américas' readers in South Florida is $27,342.

More than 93% of Diario households have cars; 72% own their own homes; 63% of them consume alcoholic beverages; 45% of them are smokers. And all of them do their daily shopping in the pages of Diario Las Américas—the Spanish-language medium Hispanic Miami swears by.

Collectively, Diario readers spend more than $1.7 billion a year.

That's "mucho dinero" in any language.

Diario. The one media that's always on the money with the Miami Hispanic Market.

Diario Las Américas

The Spanish-language Daily Newspaper
Founded July 4, 1953

DIARIO LAS AMERICAS
2900 N.W. 39th Street
Miami, Florida 33142-5193

Represented nationally by: Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

and *People*, with a projected reach of over 25 million.

The promotion was tied-in with release of the Walt Disney film, "Mickey's Christmas Carol," the first animated Mickey Mouse film in over 30 years.

Coca-Cola's long-term diet soda brand, Tab, in the face of diet Coke, was given a new campaign last year, abandoning "Body by Tab" and repositioning the soda with the line, "You're my Tab." A shift from diet emphasis took place in the copy, as the brand was identified in jingle lyrics as "a one calorie friend of mine."

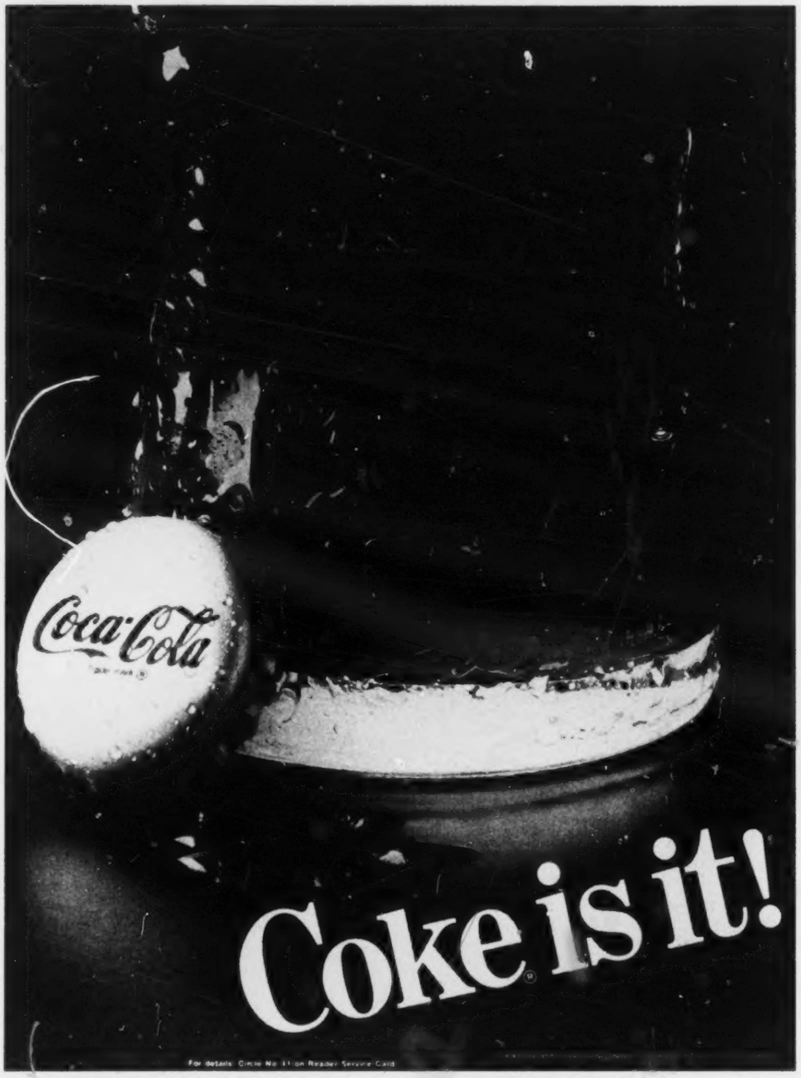
On the other side of the coin, copy stated, "You're not my diet anything." So Tab is eschewing the position of being categorized as an obligatory product in a weight loss program, and is pitched as a beverage of choice which contains only one calorie.

The media plan for Tab in 1982 placed primary emphasis on network television, $10.2 million out of $19 million, and $7.9 million in spot tv. Tab was also seen in women's magazines, with $1.1 million.

Sources at Coca-Cola USA indicate that low-calorie products will get the heaviest advertising support in the near and distant future. "The focus of the marketplace continues to be in the low-calorie cola segment. These will get the heaviest support, but will continue to support the parent Coca-Cola brand," a spokesperson said.

The caffeine-free versions of Coca-Cola products currently have about 2.5% share, according to the source. "These products have performed up to our expectations, but those expectations were never very high. They continue to present a choice to the consumer."

As for no-sodium products, Coca-Cola USA is taking a wait and see attitude. No clear reading of the potential for such products is expected until after the Royal Crown no-sodium brand achieves national distribution later this year.



Coca-Cola uses print sparingly, and makes its point simply when the brand is advertised in beverage trade publications.

Pepsi Cola

Smarting under the heavy assault from Coca-Cola, PepsiCo is revamping its soft drink advertising strategy for 1984. Although outspent by Coca-Cola, Pepsi supports the flagship brand substantially, and invested about $35 million in 1982.

Media strategy for the brand has been to rely heavily on the local opportunities offered by spot broadcast, to an even greater degree than Coca-Cola. That strategy is not likely to change in 1984.

But new campaigns for diet and caffeineless Free, are likely to expand media commitments in 1984. In addition, Pepsi's pop music association opens up opportunities for sponsored concert broadcasts on radio, if not on tv.

What will change is the creative and positioning approach for Pepsi Cola, Diet Pepsi and Pepsi Free.

Pepsi's new campaign, featuring the hot rock group, The Jacksons, breaks on the 28th of this month on the *Grammy Awards* telecast. The company announced last November it was sponsoring the reunion tour of the Jacksons to the tune of about $10 million. Included in that package was the right to use footage shot at those concerts in Pepsi Cola commercials.

A company spokesperson said, "We were looking for a new promotional avenue, and while many sports figures have been used in the past in association with soft drinks, we think that sports figures have been tapped out. We felt we needed a new direction and feel that rock music and The Jacksons are a new exciting avenue for us that we can use in promotions, advertising and merchandising."

The PepsiCo revamp doesn't stop there. A new campaign is now rolling out nationally for Diet Pepsi, which has been reformulated to an aspartame base. Theme for the new campaign is "Taste. Improved by Diet Pepsi."

The new spots for television are described as a radical departure from usual soft drink advertising. The reason: there is no music, no jingle. The spots are made up from snippets of conversation between two people, with Diet Pepsi as some of the subject matter.

Some executions of this idea will also appear in print. Although the schedule had not been set at time of writing, it is likely women's magazines will be on the schedule.

A new commercial treatment is due for Pepsi's caffeineless cola, Free. But this is still in the planning stage and the new treatment had not yet been set. Meanwhile, spot and network television continue to be the mainstays with the musical theme, "We are Pepsi Free," sung to the tune of the Sister Sledge hit song, "We are family."

Overall questions facing PepsiCo in the soft drink market in 1984, are how to meet the challenge posed by diet Coke, and how to position Pepsi Light. Some industry observers suggest Pepsi might take its Pepsi Challenge to the diet segment, and slug it out head to head with diet Coke on a taste basis. In any event, the need to respond to Coca-Cola's leveraging of its brand name in the diet cola area can't be ignored.

Seven-Up

The Seven-Up Company has demonstrated in the past two years just how dangerous taking a market for granted can be. By making caffeine an issue in soft drink marketing, Seven-Up developed an agenda for advertising from data that had been in existence, but neglected, for years.

When Seven-Up decided to tie its future to the absence of caffeine, it had slipped from the third spot in brand share to fourth. Since then, the brand recouped third place.

Along the way, Seven-Up found it could capitalize on the equity it still had in the memorability of commercials from the 1970's, in which West Indian dancer Geoffrey Holder personified the brand. He fronts the ongoing campaign which positions Seven-Up as giving "freedom of choice — no caffeine, no artificial flavors, no artificial color."

Seven-Up takes a distinctly different stance than its competition in media selection. Where Coca-Cola and Pepsi Cola rely heavily on spot tv, Seven-Up places the emphasis on network television. In Seven-Up's case, cost efficiencies weigh more heavily in the decision than disparities in performance from market to market.

Dr Pepper took a page from the Values and Life Styles studies for its new campaign to reach the inner directed segment.

Dr Pepper

After a brief stay in the number three position in soft drink sales, Dr Pepper slipped back to fourth in the face of a revitalized Seven-Up advertising blitz. But Dr Pepper isn't taking this lying down.

Even the leveraged sale of the company in the closing weeks of the year to Forstmann Little & Company, for $513 million added momentum. The assets of the company are pledged as collateral for the purchase. The bid by Castle & Cook was not accepted.

With the new year, Dr Pepper rolls out a new campaign and new media plan. Brand manager David Millheiser explained the Dr Pepper approach. The new campaign focuses in network television as opposed to spot tv, where Dr Pepper had invested the bulk of its dollars in recent years.

Slogan for the new campaign is "Hold out for the out of the ordinary — hold out for Dr Pepper." Millheiser said the new campaign comes out of an evaluation of the Stanford Research Institute's Values and Life Styles Study. "As we see it, there is a new trend among the inner directed, and a whole new realm opening up. We currently see 30% of the young population as being inner directed; it's the most rapidly growing segment. Our projections indicate inner directeds will make up 60% of that population by 1990."

Millheiser is comfortable with whatever degree of turn-off this campaign to the inner directed produces. "Those with an inner directed interest will jump in," he believes. "We must be differentiated from the mass market products," he added.

The media plan for the new campaign focuses on youth-oriented vehicles, and syndication will be associated with such fare as Dick Clark music shows and *Dance Fever*. Most of the buy will be prime time or late night television.

Radio will also be a significant part of the buy, both in spot and syndicated vehicles. Outdoor too, will be a factor in the plan.

Cable is also included, with spots on

a HBO David Bowie show, and time on MTV. "We will have a big presence on MTV," Millheiser said, "both in sponsorship and in rotation. Overall budget, including co-op bottler support is about $35 million.

Canada Dry

Under the aegis of Dr Pepper, Canada Dry took some steps last year to get the brand moving. First was the sponsorship of the Hall & Oates national tour.

The second was the repositioning of the brand from mixer to mainstream soft drink. The idea was to build on the existing strength the brand has as a mixer while adding the idea of drinking it straight.

In previous years, Canada Dry, while under the ownership of Norton Simon, Inc., maintained a balanced television mix, with about $4.5 million in network tv, and $3.5 million in spot tv.

More money goes into network television, vp of marketing Steve Stenstrom said. And essentially, the major thrust continues to be the positioning of ginger ales as a mainstream soft drink. "That continues to be our number one priority, and will get the greater portion of our media dollars," he said.

As part of that thrust, Canada Dry rolls its sugar free version, with aspartame and saccharin, into a network tv flight this summer.

Rub-off from the sponsorship of the Hall & Oates tour continues to be good, Stenstrom said. "It worked well for us in 1983 and continues to work for us in developing promotional activities around their concerts."

Canada Dry will sign up to sponsor another pop group in 1984, but hadn't determined the group at press time. A network radio concert broadcast is planned for the new group, a repeat of the effort for Hall & Oates.

Canada Dry continues to advertise its sparkling water lines, club soda and seltzer. There is no spokesperson for club soda, as the association with Louis Jourdan was dropped.

Copy for seltzer features the slogan, "Seltzerbrate." A lemon/lime version debuts this year.

A major effort is also planned for tonic water this year, with actor Stewart Granger as spokesman for the line.

Hires
NO CAFFEINE
Hire
GENUINE
Hir
ROOT B
GENU
LUSCIOUS
CREAMY
GREAT
TASTE
Hires

The new Hires campaign from Cunningham & Walsh focuses on the absence of caffeine and its new "luscious creamy great taste."

Crush & Hires

The big question mark in the soft drink industry continues to be Procter & Gamble. With its own flavor house and the two brands, the packaged goods giant is in a position to move nationally with both these brands — and whatever else it chooses to introduce.

Orange Crush has distribution in about 80% of the country, and Hires in about 60%. P&G officials won't talk about the possible national expansion of both brands. Nonetheless, they have been busy in 1983.

Both Crush and Hires were reformulated for better flavor, and that fact was touted in creative in 1983. Copy for Crush proclaims, "More orangey, fresher taste." Copy for Hires is more elaborate: "The new Hires taste is a luscious, creamy great taste, and that's just as great as the foam on your face." Visual here focuses on mustaches clinging to Hires drinkers.

Because both brands aren't national in distribution, the primary medium is spot television. And how this must nettle P&G, with its proclivity for the efficiencies of network tv.

This month, P&G introduces its reformulated sugar free version of Hires, and a new sugar free Orange Crush. Both brands use an aspartame base, which in the Hires version, replaces saccharin.

The sugar free versions are being offered to current Crush and Hires bottlers for their areas of distribution.

Copy for both brands was still being polished at press time.

While P&G doesn't comment on budgets in advertising, Crush can be expected to come in around $10 million for 1984, and Hires, with its smaller distribution, close to $5 million.

There are no firm indications that P&G is ready to make its move in 1984. National distribution is the key to a major marketing and media campaign of the magnitude normally associated with the package goods giant. But patience has been a company strength over the years, and remains in evidence. *Fred Gardner*

Ziff, executive vp, director of research and market services at Doyle Dane Bernbach, says that people express social needs personally because of increasing dissatisfaction with external factors, like the government.

At the same time, there is a total absence of a common awareness among consumers — not only do people interpret needs personally, but they are not even aware that others share their concerns.

Ziff points to the 'mainstream acceptance of health and fitness. "It is no longer uniquely a fashion statement. But there is no 'We Group' attitude," as opposed to the 'Me Generation.' "These concerns are expressed entirely in terms of self-fulfillment."

Another common concern, says Judith Langer, of the New York-based Judith Langer Associates, is quality, and to a certain extent, durability.

One marketer to adopt this line in advertising is Ford Motor Co. Chuck Schneider, national media analysis manager, explains that the emphasis on quality helps unify advertising to different segments. The segmented advertising, he says, "revolves around different lifestyles: working woman, mature adults, Hispanics, youth. All of these have distinct media consumption patterns.

"Durability is a platform. Everybody wants to feel they've made an intelligent purchase. That's why we advertise Ford as a quality product with service and durability." He notes that the approach has been successful: "the consumer will return to the product, and will recommend it. That word of mouth recommendation, you can't buy with advertising."

Langer notes that this type of consumer behavior is likely to become more prevalent. "Consumers are more likely to check out products. Not to take them at face value. This doesn't necessarily mean they are behaving more rationally.

"And advertising has begun to respond to this, by addressing the consumer more intelligently." At the same time, she notes, people have become more conscious of being influenced by advertising.

"There is a danger of alienation, for example, when a manufacturer addresses a single segment to the exclusion of others." The increasing self-consciousness about lifestyles has made consumers more attuned to messages that do or don't reflect their own.

For example, only 7% of U.S. households fall into the once traditional family demographic: working father, non-working mother, two children. Single housholds, on the other hand, are growing, at 6% among women, 13% among men. Langer says that portraying one type of household might mean that another demographic "couldn't relate to it."

Arnold Mitchell of SRI International, who devised the VALS system, believes that the attitudes that differentiate consumers are more relevant than the product demands they unwittingly hold in common.

"Whenever you can match the product to the consumer profile, two things happen. First, of course, it's the way you would wish the market to work. And then, there is a far greater chance of making a sale, than with a more diffuse strategy.

"You can narrow the market niche, and use a stiletto appeal to market to the segment." Mitchell notes that such a strategy is likely to get the marketer a very loyal consumer.

Two mass marketers, General Foods and Dr Pepper, have adopted this tactic and modified it in their new marketing strategy.

David Millheiser, brand manager for Dr Pepper, explains how the soft drink manufacturer is using VALS to position the brand. Even though soft drinks are a mass market, broad-based category, he says, "Dr Pepper has always had to be different — we've had to zig when the others zag."

Targetting the 'inner directed' segment, which Millheiser says currently makes up 30% of the population, is a "way to target in close to people likely to be responsive to a distinct message." This positioning, strongly skewed toward the youth market, is a return to an earlier strategy, and a contrast to the more recent "Be A Pepper" campaign, which has become mainstream.

Millheiser adds that there is a tendency among the population to have inner directed values, even among those segments not typified as 'inner directed'.

"But it's really a double edged sword for us," he explains, because of the high rate of growth of this segment among the youth market. By 1990, the segment is expected to comprise 60% of the population.

"We don't expect to be walking away from the mass market," Millheiser says. "but it's a way for us to become a strong niche player."

General Foods has responded to fragmentation by "breaking down the groups into micromarkets," according to Gene Ritchie, a spokesman for the company. The trends he sees as significant for GF are the aging of the Baby Boom generation, the decentralization of the population, and the growth of the 'Baby Boomlet' group.

Observers have christened the approach a tiered one: GF determines primary and secondary profiles for users of specific products, and allocates marketing and advertising weight based on these 'tiers' of consumers.

"Yes, we're doing more of that," says Ritchie, adding, "we are not abandoning the mass market. Generally, we are focusing on media as well as marketing more closely."

"We will continue to use mass media in a segment-specific way," he adds. "It's a way for us to reach the consumer with a segmented approach," appealing to a distinct lifestyle, "without abandoning the mass base."

This is an approach that would find favor with most market researchers, who, in one characterization or another, typify the modern consumer by an ever-increasing self-consciousness. Consumers' desire to differentiate themselves has made segmentation in the marketplace more observable — whether in VALS attitudinal terms, or CLARITAS' geographical segments. Along with increased heterogeneity, has come a greater level of tolerance for differences.

"This means more product opportunities," says Doyle Dane Bernbach's Ziff. She does not feel that the rising cost of new product introductions will deter marketers.

Mitchell is not sure how the rate of new product introduction, which has doubled in the past ten years years, has affected brand loyalty and consumer attitudes toward new products. The 1964-1979 average of 825.1 introductions a year has risen to 1,644 in 1983, according to the Dancer Fitzgerald Sample New Products newsletter.

"It doesn't necessarily mean more fads and fewer trends — less brand loyalty and greater turnover. If the market you're aiming at is very volatile — a highly individual consumer, for example — then if you are a wise manufacturer, you'll know it will crest in a hurry and then poop out.

"There are other segments that won't behave that way, and that are more profitable and stable. Health-concerned people, for example. You're not talking about a volatile product there."

The risk of boring the consumer with product and advertising proliferation seems small to most market researchers. Langer points out that a small group is likely to abandon brand loyalty for constant new product trials. Overall, however, most consumers need the reassurance of consistency.

"I don't know that consumers are getting bored with new products," she says. "What is apparent is that they are more discriminating about them. There's no built-in desire, from the consumer's point of view, for much of the new technology, for example."

Mitchell says he has observed a similar sophistication among consumers. "It really has more to do with common denominators, rather than disposable income — education, a certain level of global awareness. The wider perspective, the less likely the consumer is to be influenced by advertising. It is up to the advertising to change in response to the consumer. Because advertising is still essential — if you haven't heard of the product, you won't buy it."

So, even though media preferences skew toward print with increasing disposable income, Mitchell says, it is not necessarily true that the wealthier demographic will be more sophisticated or less impacted by advertising.

"We know more about the upscale segment. There may be a problem of impacting them, but sophistication is not correlated to income alone."

Barbara Bryant, of Market Opinion Research, suggests that the best way for marketers to view the consumer, is to recognize that the income differences they have always responded to in advertising are accompanied by sharp attitudinal differences.

"As attitudinal segmentation becomes more pronounced — which it has," she says, "marketers should design their messages and media toward these better defined segments."

Overall, market researchers agree that the mass market concept is obsolete. Langer suggests that the changes are only being perceived by the manufacturing sector because the composition of businesses tends to be more conservative than the overall population. Others, like BrainReserve's Popcorn, notes that it is not enough for manufacturers to insist that they have been segmenting the market. It is, according to her, more a question of understanding the underpinnings of the newly-perceived disparities.

Call it self-consciousness, selfishness, self-centeredness; it is the common theme running through all the market research through all aspects of life. Langer, for example, points out that people no longer save for their children.

"Even though they don't necessarily expect their children to be as well off, they do expect them to be self-sufficient," she says.

Ann Clurman, at Yankelovich, Skelly and White, says that there is a reaction toward the notion that money could buy anything in the late 1970's. "It's a changing notion of status, away from the superficial aspects, and back to quality, to achievement." Instead of impulsiveness, the consumer tends to be more motivated by durability as a means for improving his or her individual quality of life.

Popcorn says she finds people seeking to identify and differentiate themselves through external factors.

"There's more involvement and indentification in the workplace. A heightened sense of individualism that is a reaction to numbers. In the same way, people want to see themselves reflected in everything — in purchases, in the place they purchase, in the job."

If 'keeping up with the Joneses' was the rallying cry of the mass market, 'I must be different' is the baseline of the individualized market.

Laura Konrad Jereski

NON-WIRED RADIO (from 71)

the 35-plus stations that are appropriate to the buy."

Yet another concern expressed by industry observers is that stations sold as part of nonwired networks will lose their indentities.

States RKO's Kelly, "Stations are being sold on the basis of numbers. It's an impersonal sell without much thought given to a station's format or commercial environment."

He claims that some agency buyers don't care what a station's programing is. It could be Hawaiian Zither music but if it's got a 5 rating they'll jump on it.

States Charlie Trubia, "There are a lot of buyers just buying stations on the basis of numbers. Buying by the numbers is always a problem with agencies that don't have specialized radio group operations."

As a result, he says, "They're not getting to know the flavor of a station and that's wrong. Radio can't be bought with a tv mentality."

Although most of the rep firms outside of Interep and Selcom and Torbet are not exactly thrilled by the onslaught of new nonwired networks, reactions from the advertising community are decidedly favorable.

Says Jim Lamond, vp media group head for McCann-Erickson, "Anytime someone comes up with a new, viable idea that offers more outlets for advertising dollars and provides more competition, both the client and the agency prosper."

Lamond continues, "The only problem with nonwired networks occurs when different stations with different formats and ratings are grouped together."

For the most part he says that reps are being conscientious about grouping ranked/formated stations together.

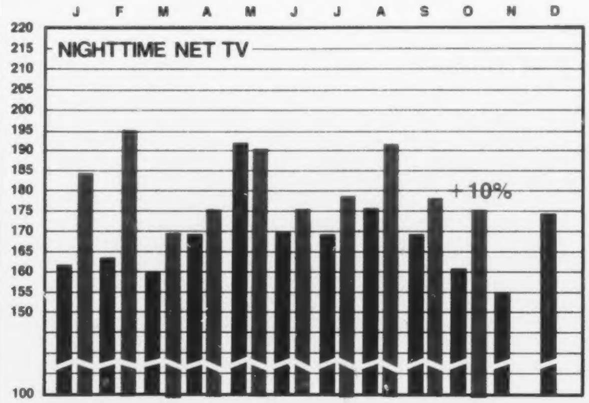
Are agencies getting better buys with nonwired networks? "The jury is still out," says Bob Lynch, radio buyer for Marschalk. "The cost per thousand are probably better with nonwired network as compared to spot."

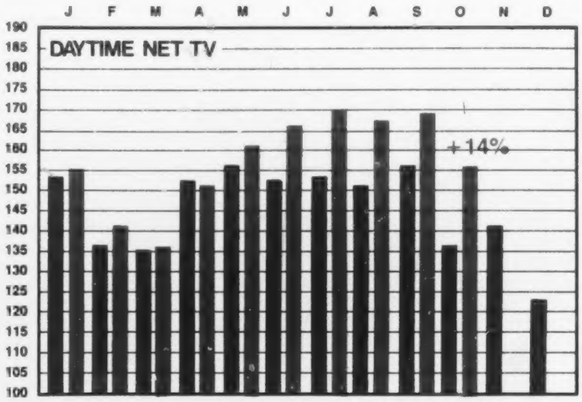
However, Andrea Silk, supervisor of network radio for BBDO says that "Pricing still favors wired networks."

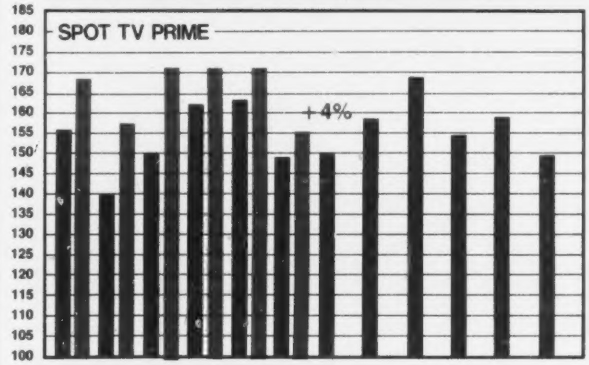
Says Hulleberg, "In some cases the

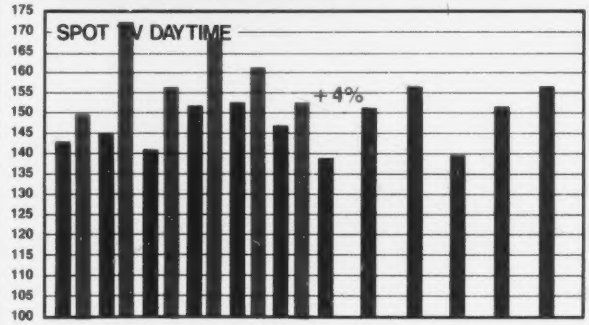
MEDIA COST INDEX

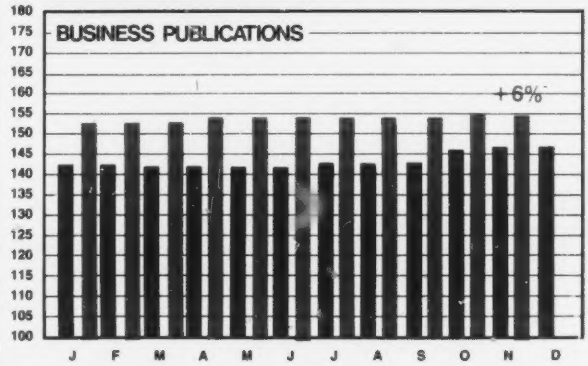
Black bars index for 1982; color bars 1983; base year 1977











With the exception of network radio, daytime network tv and national supplements, the other media currently reported in this cost series have held to much the same gains reported last month.

The exceptions: **Network radio** up 12% over October 1982, a radical change from the 2-5% range shown for the middle six months. The other broadcast boomer, **daytime network tv,** reflects a gain of 14% in the month-over-month comparisons and up from 9% in September.

National supplements also showed an increase in rates higher than last month's month-over-month reading — up 17% against 15% last month. The November cost index however, is down from October, reflecting a sizable dip in rates reported for November '82 from October '82.

The remaining media in the index reported rate increases over the same 1982 month (October or November) as follows: **Outdoor** — up 10%; **consumer magazines** — up 7%; **newspapers** — up 10%; **business publications** — up 6%; **nighttime network tv** — up 10%.

The spot radio industry continues to be unable to come up with any data, on a continuing basis, to reflect rate changes. Spot tv data, compiled on a new basis, is being studied to determine comparability with the previous series.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

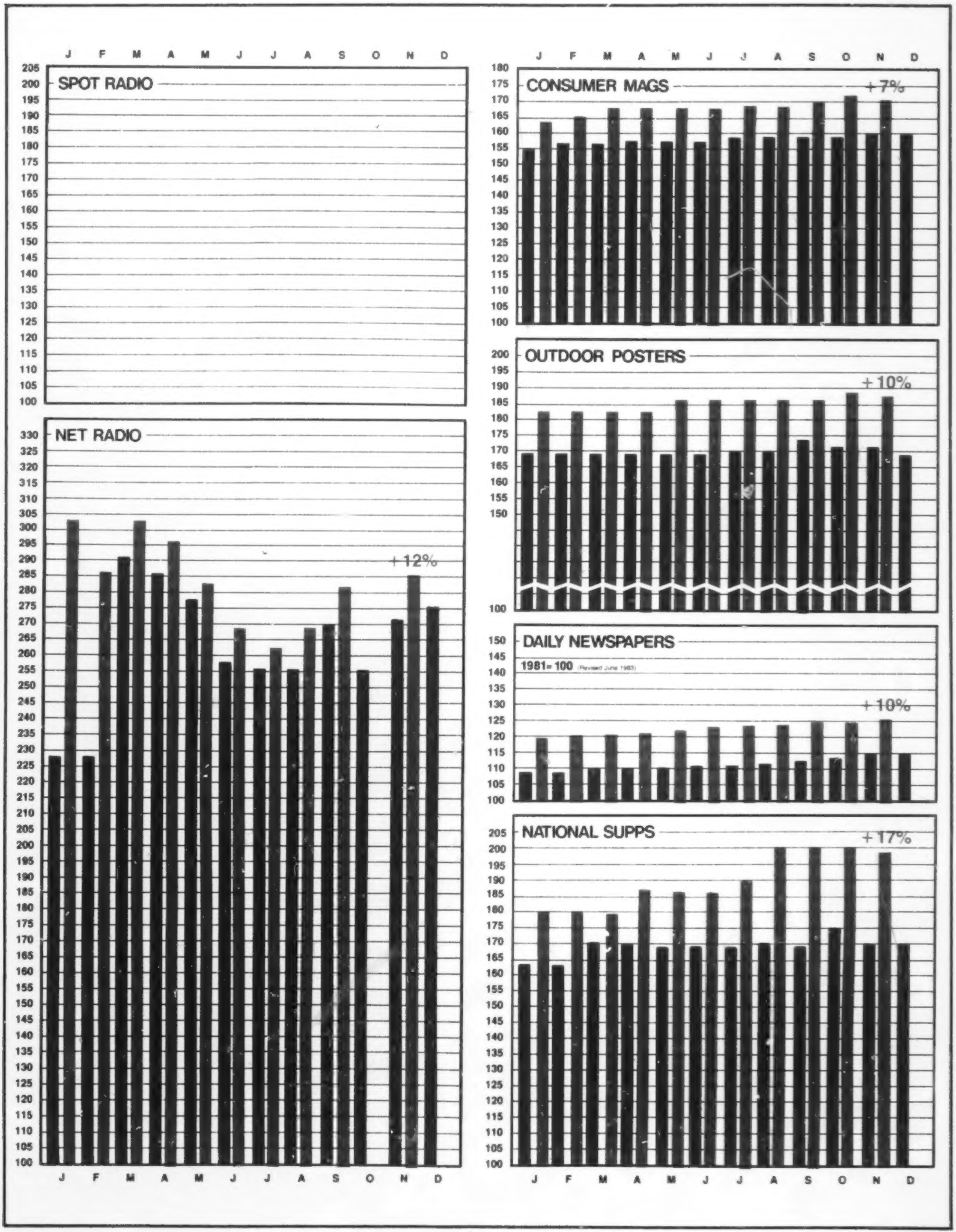
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977



REGARDLESS OF SIZE (from 65)

> **Bob Turner Lexington Broadcasting**
> **The Blair boys are pretty good guys but being reps, they were looking at it differently, market-by-market, rather than nationally.**

protecting some vested interests.

Bob Turner, president of Lexington Broadcasting, the largest of the syndicators, who is also the president of the nascent Advertiser Syndicated Television Association, says that "while Blair attempts to take a look at the medium, there are a number of mistakes in the report." Turner is sticking to his guns — that ad supported syndication revenue for the 1983-84 season is $500 million, not $320 million as Blair calculates.

Explaining how he arrived at that $500 million mark, Turner says that by taking the rate card pricing for all barter programs that are on and that will be on, the sum is $600 million. Discounting $600 million by 10-15 percent, which Turner says is the average discount, not the 20-25 percent discount that agency media directors say they usually get on barter programs, "you'll get about $500 million."

Turner disagrees with Blair's methodology which discounts from the rate card price by substantially more than 15%. For example, he notes that the Blair study did not take into account that *Fame*, goes for full rate card and is not discounted at all, and that *Entertainment Tonight*, has actually had an increase over its rate card price.

"While some shows are discounted for more than 10-15 percent, it all averages out to about 10-15 percent, when you take those examples into consideration," Turner states.

This month a meeting of the minds will take place as some ASTA members meet informally with Blair to thrash out their differences. With each side standing firmly behind its numbers, it will be interesting to see what is actually resolved. By the time Blair executives sit down with the syndicators, Blair hopefully will have its second report on barter ready. Blair's second report will analyze the November sweeps; the first was based on May 1983 sweeps using Arbitron market-by-market data.

This go around Blair will take into consideration some of the criticisms raised by the syndicators, reports Blair's Poor. Most significantly, Blair will use both Nielsen NTI's and Arbitron market-by-market numbers. ASTA's Turner says that "Blair has made some misassumptions. We sell and guarantee by Nielsen NTI's — a national measurement — not on Arbitron's ratings for local markets.

"The Blair boys are pretty good guys," he adds, "but being reps, they were looking at it differently, market-by-market, rather than nationally."

While Blair will use both Arbitron and Nielsen yardsticks, Poor says he doesn't expect the $320 million market to vary significantly, although Nielsen national numbers are generally higher than Arbitron's market-by-market.

"We don't want methodology to get in the way of what we're doing, and we don't want to ruin anyone's deal here. All we're saying is that barter ought to be looked at more closely because it is such a growing category," Poor explains.

"Frankly, I wish they (the syndicators) would be more specific about their objections with our study," he adds.

Another change in Blair's second study will be to add a list of shows that was left out of the original study. "We will expand the list, as the syndicators want, even though I think we had them all accounted for in our 'other' category," Poor says.

The beat goes on

In the meantime, as the dust surrounding Blair's study settles, ASTA is increasing its efforts to spell out the benefits of syndication — to agencies. In mid-January, ASTA began hitting the agencies with its new pitch and a new crusader to its cause.

ASTA has lured Harry Way, former media director for Colgate-Palmolive and a former chairman of the Association of National Advertisers powerful tv committe out of retirement to join its ranks. Way, as ASTA's executive director will be a major spokesman for the organization.

On the subject of the Blair report, Way said that while it was carefully done, "it is slanted." Bringing a buy-side perspective to ASTA's sell side, Way says that in his experience as a network negotiator, he "always favored buying syndication to fill in network.

"Not all network shows cover the country and tend to be weak in major markets where independent stations are very competitive. And syndication is very strong in large markets," Way reasons.

In the meantime, while ASTA and Blair mend their fences, agency media directors remain nonplussed about the report.

The Blair report certainly has not soured any media directors on national syndication, as most report increased expenditures for the medium in 1984.

Over at J. Walter Thompson, for example, Richard Kostyra, senior vice president and New York media director, projects his agency will bill about $28 million in barter in 1984, up nearly 60% over last year's spending in that category.

Kostrya, unlike many of his peers, however, is not so sure that barter will continue to grow at the breakneck pace it's enjoyed in recent years. Kostrya points to an expected slow down in network price increases for next year that will impact barter.

Furthermore, given a choice, most advertisers would prefer to stick to network tv. "It's easier, cleaner and safer," Kostrya concludes.

> **Harry Way, ASTA president**
> **Not all network shows cover the country and tend to be weak in major markets where independent stations are very competitive.**

And barter simply is not for everyone, cautions Rick Busciglio, McCann Erickson's senior vice president and director of broadcast. "Those advertisers who need 85% clearance are going to find it tough to find many shows with that type of clearance," Busciglio explains.

But Busciglio sees some national syndication as superior to network. "*Solid Gold*, for example, is pulling double digit ratings, and we're on a waiting list for *Entertainment Tonight*," he adds. McCann-Erickson is currently billing about $2 million in national syndication, up nearly 50% over a year ago. Busciglio sees more budgeted for 1984.

SSC&B, with national syndication billings in the $6 million range, has had some good experience with barter shows. "It works very well for our clients," reports Jack Otter, senior vice president, director of network programing," who adds that as a rule he gets discounts in the 25% range.

"As an agency, we are not supportive of barter, per se, we're interested only in getting the best advertising as efficiently for our clients. If barter can do this, we go in," Otter explains.

And where it does not, SSC&B declines. For example, SSC&B did not buy in *Thicke of the Night*. "Why trade a 14 rated show for a 1, 1 1/2 or 2 1/2 rated show like *Thicke?*" Otter reasons. "But on the other hand, if you're buying a 14 rating in prime time, and you're comparing it with a 12 rating in prime access, why sure," he differentiates.

Otter also emphasizes that his agency has not siphoned one penny from spot budgets" for syndication, with all dollars coming out of network. Neither does Otter have trouble with make goods. "You're going to get your value there, whether the spot appears in the same show, a comparable other show or cash," he says.

Benton & Bowles, a big player in national syndication spends "a subtantial amount of our $400 million in network on barter," says Phil Guarascio, senior vice president, director of media management. While so much of national syndication is bought last minute, B&B has made it an agency practice to encourage long-term, multiyear buying agreements, Guarascio notes. "And that policy has clearly worked to our advantage. We got into this with our multi-year positions before the marketplace really heated up. Sometimes you just have to take risks," he reasons.

"I fail to see what the big deal is about the Blair study."

Size doesn't matter, but results do

Over at Metromedia Producers, a partner in the *Thicke of the Night*, Tim Duncan, a former Gray Advertising executive and now Metromedia's vice president of marketing, says, "I fail to see what the big deal is all about with the Blair study.

"The only thing I know is that it's going to get a hell of a lot bigger and the growth trend is straight up. Barter has finally earned some respect.

"Barter is a way of reaching the mass audience effectively. If it were so inefficient, you wouldn't see the likes of General Foods and Procter & Gamble participating in it.

"If barter, and all of the alleged problems with make goods and inefficiencies were so problemsome, you certainly would not see P&G participating in *Thicke of the Night* to the tune of $5 million," he concludes.

Marianne Paskowski

L & M LIGHTS UP

(from 63)

only 28% of smokers prefer menthol cigarettes and we decided it would be best to redeploy our advertising and promotion money behind other products more likely to appeal to a larger segment of the market."

Thanks to a heavy emphasis on lighter blends as well as continued concentration on generics, Liggett's wholesale cigarette sales were estimated at $600 million for 1983, with generics accounting for half.

What are the company's future plans? States Franklin, "We're not introducing any brand extentions for a while. But in the distant future, it's possible that we'll enter the ultra light segment of the market."

Madeleine Dreyfack

THE NEW ELECTRONICS

(from 30)

Network erosion — fact or fiction

Cable penetration will continue to rise through the decade and by 1990 BBDO estimates that 65 percent of all homes will subscribe to cable as the larger cities become wired.

And this will not bode well for the networks, says the report from the Media Resources and Information Group, "Network Erosion — Fact or Fiction."

BBDO predicts that network shares will fall to 65 percent by 1990 and that "yesterday's 17-18 average rating will become tomorrow's 13-14." Four factors that will lead to this lower network share: the growth of cable, particularly pay cable; growth and maturation of independent stations; quality and cost programing; new technologies.

"For every argument in favor of the stabilization of network erosion, there is an equally compelling one against such a position. It appears to us, that the competitive advantage accruing to the networks during the first nine months of 1983 is temporary and will not be sustained long term," the report states.

BBDO, however, says that this does not imply that the networks are doomed, rather "while they remain important, they are not exclusive, national options for advertisers."

BBDO notes, too, that while the rapid growth of independent stations will subside, indies do pose a serious threat to the broadcast networks as advertisers increasingly accept barter programing. By 1990 indie viewing will represent almost one-quarter of the total time spent watching tv.

BBDO also predicts that "it is unlikely that the networks will be able to win back audiences through extravaganzas such as *The Winds of War* and *Thorn Birds* on a consistent basis." And finally, while video cassette recorders, home computers, teletext, videotex and direct broadcast satellite together represent only about 10% of all U.S. homes today, this number is expected to grow to 50% by 1990, and further erode network viewing.

MARCH 1984 • $3.00

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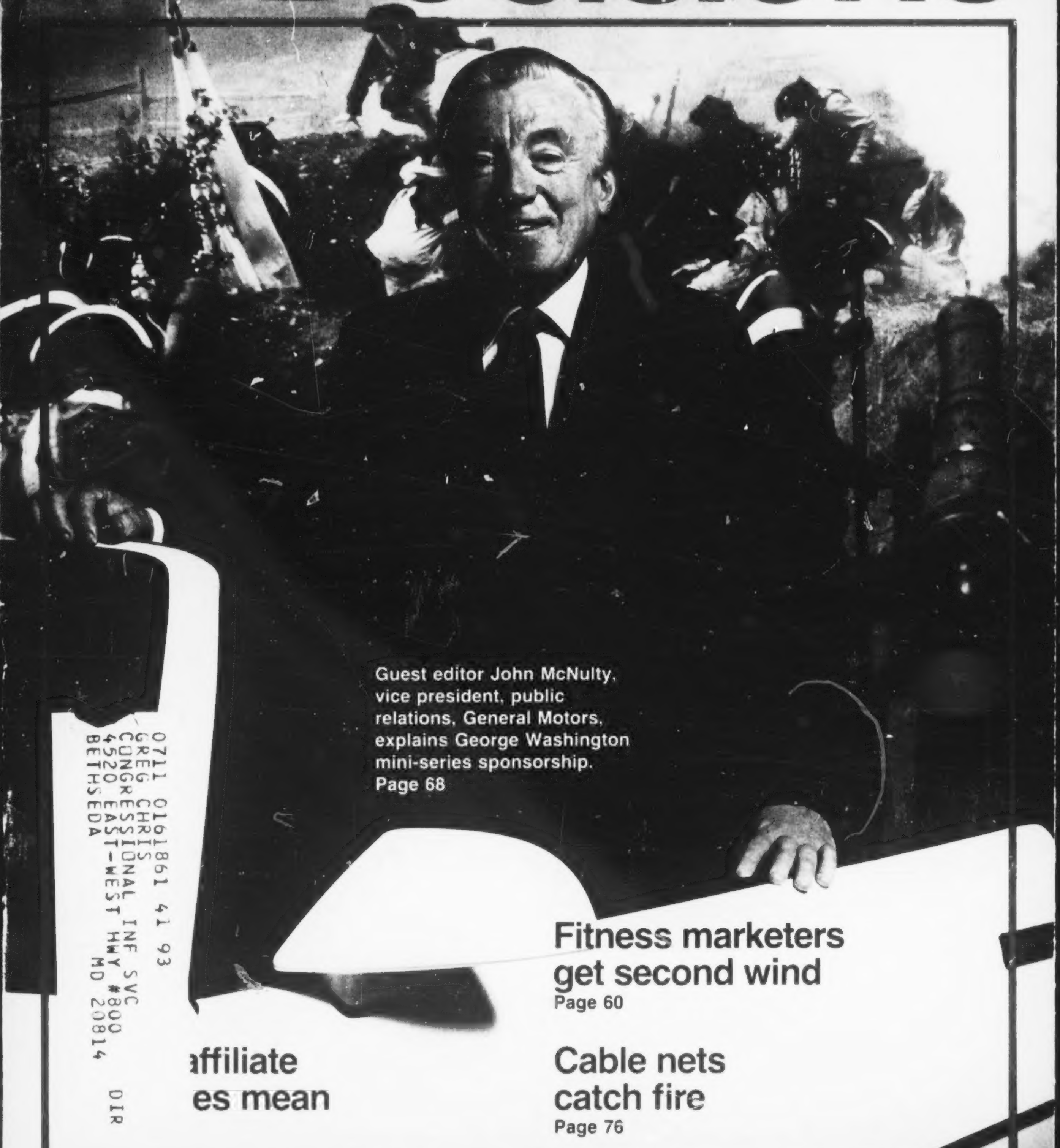
RKETING & MEDIA Decisions



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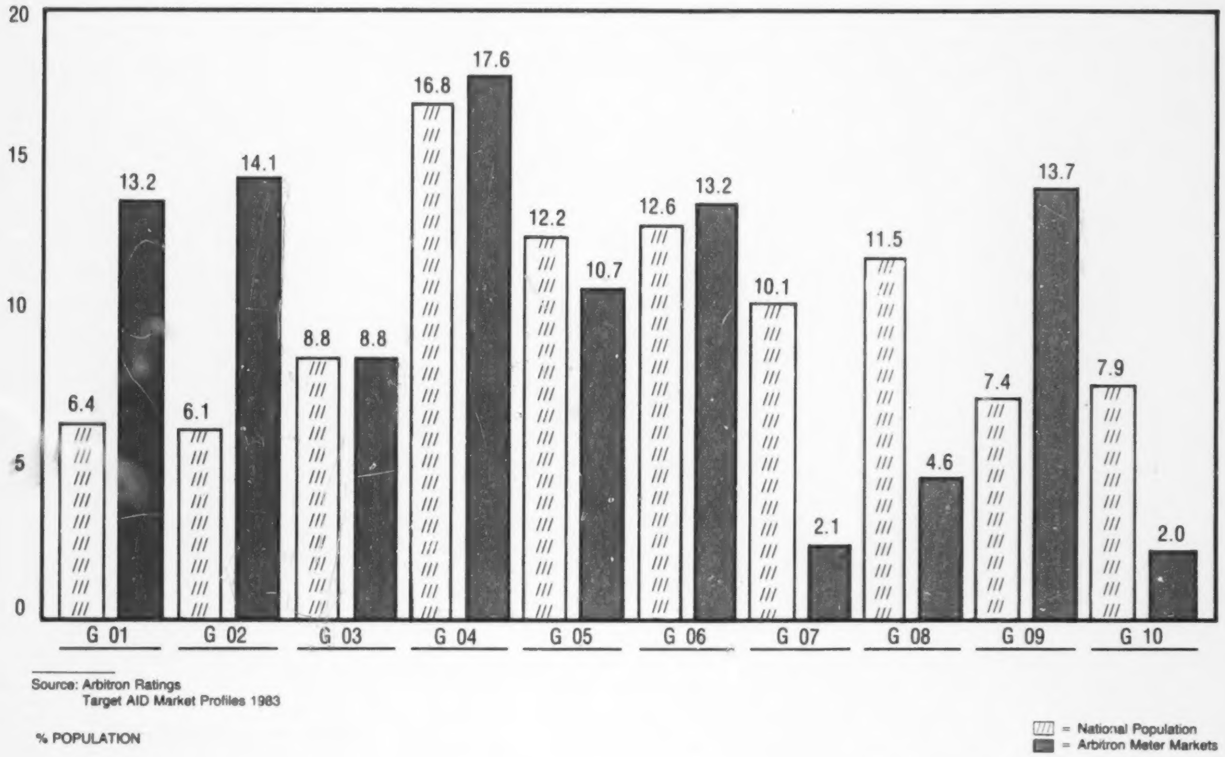
QUOTE/UNQUOTE

Geodemographic Distribution

National Population vs. Arbitron Meter Markets



Source: Arbitron Ratings
Target AID Market Profiles 1983

% POPULATION

Local meter measurement expanding

Are current television measurement procedures still able to provide valid and timely information in our diverse media environment?

That issue, among others, was addressed to the American Research Foundation by Arbitron Ratings' Dr. Joseph C. Philport, vp, tv advertising and agency sales.

According to Philport, Arbitron is committed to expanding local market meter measurement, and by next April, will measure 11 markets by meter.

Why the expansion? Increased importance advertisers have placed on spot tv, and second, the fragmentation of the local television market due to major population shifts and the growth of new electronic media, Philport said.

Referring to spot tv, he cited that "by 1980, spot allocation had increased to $11 billion" and by 1990: $40 billion. Thus, "as the cost of advertising has risen, the spot market continues to offer an effective way to tailor advertising strategies to marketing needs." And because advertising investments are indeed sizeable, Arbitron has become more sophisticated in their ability to measure the size and quality of local audiences.

One such measurement tactic Arbi-

Continued on page 44

Cluster Groups

01	educated, affluent, suburban profsn'ls.
02	urban, upscale, profsn'ls.
03	young, mobile, upscale families, new homes
04	young, mobile, average + income, white collar
05	middle age, average + income, white collar
06	mobile, singles, urban workers
07	average income, blue collar, rural
08	older, lower income, rural, old homes
09	downscale, ethnic, urban apartment, old housing
10	downscale, rural, families

QUOTE/UNQUOTE

(from 36)

tron uses is *geodemography* for a more complete portrait of television and radio markets. One of these systems, called ClusterPlus, (developed by Donnelley Marketing Information Services and Simmons Market Research Bureau) profiles the American population by 47 lifestyle clusters—each a distinct consumer group. Then, the 47 clusters are further sorted into 10 cluster groups, each composed with similar lifestyles (see chart).

Philport compared Arbitron's data with national data and reported some interesting twists: "The national population takes a nearly parametric or normal form. Nearly 75% of the population resides in middle class cluster groups G 03 through G 08. The upscale and affluent suburban and urban segments only represent 13% of the national population, while the non-ethnic downscale and ethnic downscale segments represent merely 15% of the national population." But for the 11 Arbitron markets, "nearly 30% of meter households can be classified as urban or suburban and affluent. In vivid counterpoint, nearly 20% of the households are downscale and ethnic."

The point: spot investments in Arbitron meter markets deliver a complex audience, Philport said.

One common aspect with all the Arbitron groups is that the diary method does not work well; it is too prone to human bias. But when the meter is used, bias is eliminated because it reports electronically. This method makes the meter more useful for the second development, new electronic media. For example, with cable tv offering as many as 100 channels, "the household meter is the best available tool for discriminating the range of tuning selections that occur in sophisticated cable environments."

Concluding, Philport said, "We have expanded our meter measurement into the markets where spot dollar allocation, social diversity and new electronic media growth has made the need most pressing."

Indies erode tv networks

"Television networks are losing viewers, but advertisers who believe that network erosion is caused by growth of cable tv programing are making a mistake."

So what *is* the cause? **Marcella Rosen,** senior vp, media director at N W Ayer, New York knows the answer. "By far, the largest cause of network erosion is the growth of independent stations and their improved programing," she said at the 11th Annual Convention-Seminar for the Association of Independent Television Stations, Inc.

So if you're an advertiser, you "had best look beyond cable," said Rosen.

Nonetheless, independents must be competitive with the networks, so Rosen offered five areas where independents can accomplish that in order to achieve greater audience and advertising revenues:

- Reach out to media planning groups—sell your 'positives' to them.
- Reach out beyond just indies—you are part of the *entire* tv medium.
- Reach out to new programing ideas.
- Reach out to cable, so that an alliance of the smaller forces in broadcasting can give the giant networks a harder battle.
- Reach out to a network. "I can't understand why a network of independent stations cannot be pieced together for purposes of selling commercial time."

FUTURES

(from 40)

Economic expectations: still a concern

Two recent studies reveal that, amid general optimism about the state of the economy, economic factors continue to be a concern to the majority of Americans. Both surveys were conducted in the first week of January.

One study, "The Influence of Current Political Issues on Voting Decisions," prepared by Doyle Dane Bernbach, found that economic issues were second only to concerns over the possibility of nuclear war.

Dr. Ruth Ziff, executive vp, director of Research & Marketing Services for the agency, noted that 28% named 'efforts to avoid nuclear war' the most important campaign issue, followed by concern over the level of unemployment (13%). Respondents, she said, who numbered 532, were more vocally dissatisfied than the researchers had expected.

The economic situation was the major cause of short-term dissatisfaction, with 73% upset about the cost of health and medical care, 66% dissatisfied with the level of unemployment, and 61% with care for the aged, poor and needy.

Another study, released by BBDO, focused more closely on consumers' expectations about the economy in 1984. The results show the increased optimism to be expected in an election year (58% feel the economy will improve), tempered slightly by post-Christmas caution. 91% of respondents said they would either invest or save whatever money was left after meeting expenses.

Attitudes toward purchases remain politically conservative—the 'buy American' mentality is still all-pervasive. The study noted that this attitude was particularly strong in product categories such as automobiles, tv's, wines and clothing.

Of interest to trend-spotters: 93% believe that concern for physical fitness will continue to grow, up from 86% six months before.

How top cable nets win advertisers

***Decisions* talks with marketing executives from *The Nashville Network, The Weather Channel* and *Nickelodeon* for a progress report on their respective marketing efforts. Yes, there's progress.**

Last year doomsayers rang the death knell for basic cable, pointing to the inability of CBS Cable and the Satellite News Channel to attract operators, consumers and advertisers to their sides.

The criticisms were multipronged—that the fledgling industry lacked the financial, technological and marketing savvy to survive in the increasingly competitive television marketplace of the 80's.

But the survivors of the fallout seem to have learned some lessons from those early failures. Like tulips poking their way through an early March thaw, signs of marketing strategy are beginning to sprout up all over the basic cable landscape.

Those survivors who stayed the course and hurdled the obstacles of financing, finding and distributing programing, are turning their collective and individual attentions to the problems of marketing to consumers, operators and potential advertisers.

Collectively, through the efforts of the one-year old Council for Cable Information, the industry will soon launch a $5 million national image campaign from McCann-Erickson telling consumers "to feel good" about cable, in an effort to create more demand for cable programing.

And individually, a number of services such as *The Nashville Network, The Weather Channel* and *Nickelodeon*, among others, seem to be

Local Television Expenditures By Pay and Basic Cable Programing Services

	Jan.-Sept. 1982	Jan.-Sept. 1983	% Change
ESPN	$ 77,600	$1,120,400	+1344
Nickelodeon	82,300	62,900	− 24
The Nashville Network	—	140,400	+ inf
Daytime	—	20,000	+ inf
Cable Health Network	—	28,500	+ inf
MTV*	1,073,100	1,074,300	–0–
Cable News Network	272,300	287,300	+ 6
ARTS	—	—	—
SPN	—	—	—
USA Cable Network	12,300	709,000	+5664
CBN	500	—	− 100
SNC	9,500	296,000	+3016
CNN Headline News Service	3,500	—	− 100
BET	—	—	—
SIN	—	—	—
FNN	—	—	—
Weather Channel	—	—	—
Madison Square Garden	—	16,500	+ inf
MSN	—	—	—
CMT	—	—	—
Telefrance	—	—	—
HBO*	1,406,300	592,300	− 58
Movie Channel	771,200	34,400	− 96
Showtime Cablevision	1,355,200	1,428,500	+ 5
Cinemax	20,300	1,546,700	+7519
Disney Channel	—	58,400	+ inf
Playboy Channel	—	—	—
Bravo	—	—	—
Spectrum	1,666,800	934,400	− 44
Totals	$6,750,900	$8,314,000	+ 23

MTV and HBO also used network TV as shown below:

	Jan.-Sept. 1982	Jan.-Sept. 1983	% Change
MTV	—	$ 545,500	+ inf
HBO	$2,141,600	1,708,400	− 20
Total	$2,141,600	$2,253,900	+ 5

Source: Television Bureau of Advertising from Broadcast Advertisers Reports

Cy Schneider, former vp-general manager of *Nickelodeon:* "What advertisers want from us is specifically the quality programing."
Lloyd Werner, senior vp-marketing and sales of *The Nashville Network*, with "countrygram" direct response promotion.

THE NASHVILLE NETWORK

1-800-3[illegible]7-3700

reaping some success from their early marketing efforts.

Judging from rising local tv spending figures alone, cable programing services believe in the value of advertising. The Television Bureau of Advertising reports that expenditures in local television by pay and basic programing services is up about 23% for the first nine months of 1983, compared with the same period last year. (See chart, page 76.)

While the cable industry has reached a certain level of maturity, there's plenty of room for improvement, observers agree, warning that there will be more fallout before it's all over. Jay James, Doyle Dane Bernbach's senior vice president, video technology, says he would like to see more market research coming out of the narrow, less general programing services, for example.

"I think they really need to, and can, make a better case for why they're getting higher cpm's than the more mass general entertainment programing services," he explains.

James brings up a future cause for concern, too. In the course of zealously marketing their services, he hopes that "all of the effort doesn't lead to internetwork competition where they start knocking each other in fear of losing the all too few cable ad dollars. That would hurt them all," he cautions.

Learning from mistakes

Somewhat surprisingly, in the dog-eat-dog world of broadcast/cable sales, one cable executive, at least, agrees with James—that the various cable services should concentrate on marketing basic cable as a whole, and not just their own services. Over at Group W Satellite Communications, a co-partner with Opryland USA in launching the now one-year-old and successful *Nashville Network*, Lloyd Werner, senior vice president of marketing and sales shares that perspective.

Werner brings another perspective to the party, too—the lesson learned from Group W's uphill and lost battle with its *Satellite News Channel*. Last fall, Group W and ABC—partners in the SNC coventure—threw in the towel and sold off SNC to archrival Ted Turner's *Cable News Network*.

Explaining what went wrong with SNC, Werner believes that "the only bad premise with SNC's business plan was that we projected that cable billings for the industry would reach $500 million in 1984, and that we could get about 7% or 8% of that—$40 to $50 million.

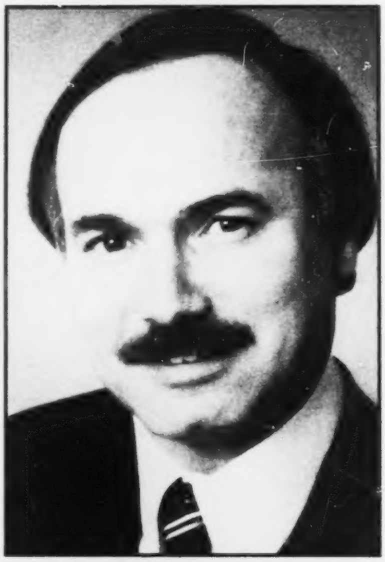
"But we were wrong. We expected ad revenues to grow geometrically with the number of cable programing services available, and that didn't happen. The way the business is actually growing, we project billings to be more in the area of $360 million this year, and at that rate of growth, we still wouldn't have gotten anything back by 1990."

Werner faults the cable systems operators' lack of support as well. "They lack the financial, engineering and marketing skills needed. Frankly, we were amazed. We offered them a valuable alternative to CNN, a weapon they could use to keep rates down. And of course, as soon as we announced that we killed SNC, Turner, predictably, went and doubled the rates for CNN. It really befuddled us, that they, unlike our broadcast stations, could not see SNC as a hedge in bargaining."

So rather than muddle along with a loser, Group W pulled the plug. "We'd rather stay in business than take one glory shot," Werner laughs, but quickly adds, "that's not to say we would not do it again, this time, cheaper."

Group W, Werner says, strongly believes that there's money to be made in basic cable, and that's what they hope to prove with *The Nashville Network*. "We're still in basic cable, because we believe in basic cable," he asserts. "But we should all be talking about things like cable roadblocks, for example, rather than just promoting our own services if the industry is to really grow."

Michael Eckert, vp-advertising sales, *The Weather Channel:* "Buying cable is not just buying by the numbers. . ."



Michael Ban, vp-marketing, *The Weather Channel:* "CCI — effort should not ever replace individual marketing efforts."

Roadblocking, however, on cable is a rarity, with only a handful of advertisers, such as 7-Up with its caffeine-free drive last summer, participating. "The reason that advertisers won't roadblock now on cable is because we haven't gone the next step and told them how many spots they have to buy, in what time period, to get what cumulative effect," Werner states.

And that's not terribly savvy on the part of cable programing services, who collectively have quite a story to tell. Cable viewing in some dayparts has phenomenal viewership and should be sold as one network, rather than individual services, Werner suggests. For example, Saturday cable viewing between 5 p.m. and 8 p.m. he points out, has a 27 share.

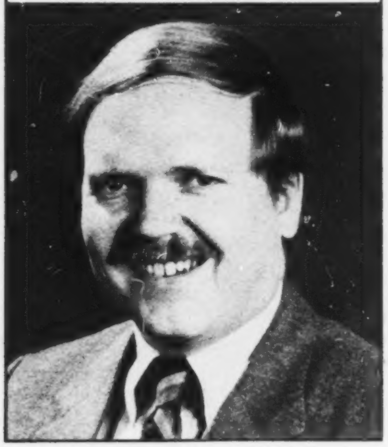
"Advertisers who purchase between 5 p.m. and 8 p.m. can get huge numbers. We want to go to an advertiser and say 'six spots on this, eight spots on CNN, three spots on ESPN, two spots on USA between 5 p.m. and 8 p.m. and you'll get X amount of rating points.' But we have to show them how to do that, and that's what we're working on," Werner adds.

Reaching 12 million homes, TNN in its October Nielsen national coincidental study scored a 2.7 national rating and a prime time share of five. While the early numbers are good, and the service will soon go on the meter, Werner acknowledges that there's a lot of work ahead.

Last month, TNN hired a new ad agency Needham, Harper & Steers, to spend the $2 million it plans to invest in promotional advertising. "While our previous agency Slater Hanft Martin was strong creatively, we needed a shop with more market research, and an agency that has been able to sell itself on cable—and one that has been able to convince a dozen clients that cable is the place to be," Werner explains.

Continued on page 104

BUSINESS TO BUSINESS
By LANCE P. NELSON
Executive vp,
Associates & Larranaga, Minneapolis



How to avoid new product blues

New products are a great source of anguish in the food business today. Every executive committee knows that they must have new products in order to grow and perpetuate their vitality in the marketplace. And many very large, very successful food companies are sending treasure chests of money and armies of MBAs onto the battlefield. Yet, new product programs continue to experience one of the lowest success rates of any activity in the food industry.

According to "New Product News" (Dancer Fitzgerald Sample), there have been over 9,000 new food products introduced since 1970, and yet, based on SAMI data, less than 2% are alive today at the $10+ million retail sales level, which is about the minimum size required to hold national distribution: see Table A.

In terms of annual averages, the track record is 710 introductions a year to get 13 new products that are $10 million or larger. Only 13 "winners" out of 710 tries! There's an awful lot of corporate anguish in those numbers. There's a great deal of trepidation in the hearts of those brave MBAs who are being thrown into the battle.

Associated with these 710 tries, there has to be several thousand people asking themselves the question, "How can I get into that small circle of 13 winners?

Table A
New food products success rates

New Food Products Introduced Since 1970: 9,231

Alive Today With Sales of:	#	Percent of Total Introductions
$1 million to $5 million	273	3.0%
$5 million to $10 million	95	1.0%
$10 million to $50 million	135	1.4%
$50 million or more	33	.4%
TOTAL	536	5.8%

Sources: *New Product News*, Dancer, Fitzgerald, Sample; *SAMI*.

Table B
Top 10 new food products 1970-1982

Product	1982 Retail Sales (millions)	% Households Using
Minute Maid Refrigerated Juice	$217	11.1%
Maxwell House Master Blend	$188	11.0%
Brim	$157	6.4%
Yoplait Yogurt	$118	7.0%
Folger's Flaked Coffee	$117	9.0%
Steak-Umms	$114	NA
Taster's Choice Decaf	$101	5.6%
Stove Top Stuffing	$ 99	11.0%
Ragu Homestyle Sauce	$ 95	NA
Weight Watcher's Frozen Entrees	$ 83	1.7%

Sources: *SAMI; Mediamark.*

Nobody, of course, has the answer; and as a matter of fact, one of the biggest pitfalls of new product work is to believe that you've got "the answers" or "the magic formula."

There are no hard-and-fast answers or magic formulas. But, as in any purposeful activity, there are some rules. They won't guarantee success, but they might help you increase your chances.

The rules of thumb that I've observed to most significantly increase the chances for success are:

- Look for a big area of changing need.
- Look for a niche.
- Look beneath the numbers.
- Be the innovator.
- Advertise the innovation.

Let's look at each of these in turn:

Look for a big area of changing need.

It is a part of marketing lore that a product exists because it fulfills a consumer need. It follows that a *new* product will have a basis for survival if it fulfills a new consumer need. Looking at it this way, the reason for the low success rate could simply be that there are not enough new needs emerging in an average year to accommodate more than 13 "winners." On this reasoning, if the industry doubled the number of introductions in an average year from 710 to 1,420, there would still be only 13 "winners."

The secret to greater success, therefore, might not be to play the percentages and throw more products into the marketplace. Rather, the secret might be found in looking for those areas that a new product can address.

For example, the recent explosion of new "upscale" frozen entrees—Stouffer's, Le Menu, Dinner Classics, Feast for One—is the result of more women working outside the home. This lifestyle change has caused an increased need for convenience meals, and with the extra paycheck coming in, an ability to afford the higher quality.

If you can't identify or at least hypothesize one of those big areas of changing need for the new product you're working on, you might be marching down the road with the 98% who aren't going to make it.

Look for a niche

It is common in New Product circles, and it is human nature, to "go for the whole ball of wax." There's a tendency to want to define the target group as broadly as possible so as not to exclude or turn off any chunk of the population. In point of fact, however, success more often comes from finding a small niche that is only about 5-10% of the population. This is true of the

10 most successful new food products introduced since 1970, as shown in Table B.

You don't have to be all things to all people, and it is often true that in attempting to broaden the product's appeal beyond what's needed for success, you dilute the offering's impact against that small lucrative niche that you need to capture.

Look beneath the numbers

This rule of thumb is really a corollary to looking for a niche. Traditional concept testing yields a score called "definitely would buy." If Concept A gets a "30" and Concept B gets a "20," it is often hard to justify anything other than to "go with the winning concept."

The problem here is that one of those "5-10% niches" could be buried in Concept B's numbers. If all you do is look at the total score, you could be overlooking those small niches that are going to mean success—for somebody. If that somebody is to be you, you've got to look beneath those "20s" and "30s." For example, this can be accomplished using other pieces of information and using intuitive reason. Additionally, you can build niche-detecting devices into your concept research, such as diagnostic questions or special sub-samples of segments you suspect to be undergoing the kind of need change that would support a "winner."

Be the innovator

It has been proven in the majority of cases that the first product into a new category "owns" that category for a significant number of years, if not forever.

The best example is Miller Lite. Introduced in 1974, Miller Lite still holds over a 50% share of the light beer market, despite all the advertising and promotion thrown behind the large number of "me-too" brands.

Other examples of this principle are Country Time Lemonade Mix, Cup-A-Soup, and Stove Top Stuffing. They were first, and they own the business.

Advertise the innovation

The reason the brands cited above own their categories is that they are advertised. Something in human nature places copycats in disfavor. People have a prejudice for the original.

How much to spend is always a difficult issue. The classic study by James O. Peckhan using Nielsen data on 34 genuinely innovative and ultimately successful new products indicated that in the first two years of life, successful new brands maintained shares of voice that averaged 1.7 times the attained share of market. If you're shooting for a 10% share of market in which advertising is $100 million, you'll need to spend an average of $17 million a year for the first two years.

Look for a big area of changing need. Look for niches that are often hidden beneath the gross research numbers. Then get out there first and advertise. These are not the only rules of thumb, but they are the five I've observed to most significantly increase the chances for new product success. They are not hard-and-fast rules. They do not constitute a "magic formula." But they are helpful guides in going after that elusive "winner." ■

How to make sure L.A.'s biggest spenders read your ads.

Some of L.A.'s biggest spenders aren't on the Times' paper route. The Northern, more affluent part of L.A. has its own newspaper. It's called the Daily News. And 444,500 people see its advertising daily.

It covers a market that spends 11 billion dollars a year in retail sales, with an average of over $17,000 per household. That's 7% greater than Orange County's $15,949 per household.

It is, in fact, the richest marketing area in Los Angeles.

That's why it deserves its own newspaper.

The Daily News. You can't cover L.A. without us.

(Represented by Sawyer-Ferguson-Walker Co. and Sunday MAG/NET.
Source: National Planning Data Corp. 1983; Media Records,
Scarborough National Syndicated Study 1983.)

Los Angeles Times
Daily News
HOME
Sunday, May 1, 1983
VOL. 72—NO. 180
U.S. economy surge

TOP CABLE NETS (from 78)

Needham's first task will be to sell Madison Avenue on the country western viewer.

"We want to explain to agencies and advertisers that our viewers earn between $25,000 and $30,000 and spend every penny of it. They buy Dr Pepper rather than Perrier; they don't drive BMW's, but own two Chevvies instead. This is the last mass market in the United States — forget about narrowcasting," Werner advises.

In January, to build viewership and to get its programing on more cable systems, TNN launched a campaign now airing on various cable services. The series of commercials urges viewers to call a toll-free number if their cable system does not carry TNN. TNN, in turn, would send a "Countrygram" to the cable operator, which would document viewer demand.

Another marketing tactic *The Nashville Network* takes is to spend more time selling the client, in addition to pitching the agencies. "We talk to advertisers and agencies because the advertisers are the people that are driving the cable industry now.

"The agencies are in business to protect the business they have, and I can't really fault them. Anything that makes it more difficult to maintain their business, they just won't do. Buying cable is very difficult because it can't be justified, locally or nationally. Hence, the agencies' total reliance on measurement. Tell me about the audience, how many eyeballs, how many eyeballs are blue," Werner laments.

The creative sell

At the agency level, Ron Kaatz, senior vice president, director of media resources and research at J. Walter Thompson thinks, too, that more marketing effort should be aimed squarely at the client.

"If I were them, I would go after advertisers with very client specific, creative suggestions, as well as the numbers and the schedules. And this has not been done that strongly. Unfortunately, we're just seeing a lot of the same commercials on cable that were created for broadcast, where instead there is incredible potential to do something different, taking advantage of the programing and the audience delivered," Kaatz suggests.

"I'd like to see the computer companies, where there is so much marketing confusion, do something different—a series of ten, one-minute, in-depth commercials demonstrating one specific aspect at a time about computers—like how to program one, for example. Kind of like the old Henry Block campaign for 17 ways to save on your income tax."

We talk to advertiser and agencies because the advertisers are the people driving the cable industry now.
—Lloyd Werner, *Nashville Network.*

Kaatz gives *The Weather Channel* high marks for approaching clients with creative ideas for using the service. Orkin, a JWT client, for example, uses *The Weather Channel* to address the different bug problems related to various weather conditions across the country—a creative tie-in to programing, Kaatz says.

"They're a very well run company, and direct their efforts to operators, consumers and advertisers," Kaatz notes. JWT has about eight clients participating on *The Weather Channel*, including Quaker, Orkin, Hyatt, Kodak and American Gas.

In addition, he adds that *The Weather Channel's* base unit cost is low enough so that advertisers can go for high frequency.

The Weather Channel, a subsidiary of the Atlanta-based communications conglomerate, Landmark Communications, has to date attracted a list of 67 advertisers for its 24-hour service, reaching 11 million viewers, or about 28% of all cable homes.

Buying cable isn't just buying by the numbers; there's a certain sense or feel to the buy, too.
—Michael Eckert, *The Weather Channel.*

"Buying cable is not just buying by the numbers, there's a certain sense or feel for the buy, too," says Michael Eckert, TWC's newly named vice president, advertising sales. Eckert's appointment is one change in a recent management realignment designed to create a marketing department. Heading up the department as vice president of marketing is Michael Ban, TWC's former vice president of advertising sales. Ban pledges more in the area of market research "to better understand viewer dynamics—what they're watching and what they think of it." Ban's department will also be drawing up a new promotion to air on its own and other cable networks.

Ban praises the efforts of the Council for Cable Information's national image campaign, but stresses, "it's all well and good, but should not ever replace individual marketing efforts."

Surviving a period of internal crisis last summer when its chairman, John Coleman, departed after an unsuccessful attempt to buy out Landmark's 80% of TWC, the service got a rallying vote of confidence from multiple systems operators who agreed to accept an additional monthly per-sub charge, in mid-contract.

"No advertiser left during that period, either," Eckert recalls. "In fact, we picked up some major new pieces of business, as well as renewals from existing advertisers. It demonstrated to us a belief in *The Weather Channel*, that it was a logical idea."

The challenge ahead is to demonstrate to the list of potential advertisers, a weather tie-in for their products or services, Ban explains. "And more than 65% on that list of potential advertisers have that tie-in," he adds.

Eckert entones, "Our job is to make the agencies and clients more aware of what they can do on it. In some instances, we have to help them develop new ideas."

TWC will go on the meter this year, and "once we're on the meter, we'll be able to go to network buyers and be part of an up-front buy, but we're not there now," Eckert adds. "At that time we might even be able to do a semi-roadblock, but roadblocking on cable is hard to do because we don't all have the same numbers or locations. But it will happen," he predicts.

While we couldn't put the advertisers into the programing, we had some availibilities between the shows, and they took them. We virtually sold out all avails in that fourth quarter.
—Cy Schneider, *Nickelodeon*.

New kid on the block

New on the ad supported cable front is an old timer—Warner Amex's 4 1/2 year-old children's programing service, *Nickelodeon*. Warner Amex came to the conclusion that in order to survive, it would have to market itself as an ad supported service. Operator fees alone were not paying the freight. Warner Amex also owns the highly successful *Music Television (MTV)*, the 24-hour ad supported rock video service.

So last fall *Nickelodeon* bit the bullet and took the risky path of going ad supported. The danger in that was the possibility of turning off viewers who had come to expect uninterrupted quality programing, 14 hours a day, seven days a week.

But there was no viewer backlash, according to Cy Schneider, Nickelodeon's vice president and general manager. "There were about 10 letters and phone calls, which I responded to by sending a letter." Schneider has since left the company to write a book on kid's tv.

In the meantime, Action for Children's Television, an activist group, expressed concern that *Nickelodeon* would be taking advertising. Schneider explains that "the spokesperson for the organization, Peggy Charren, feared that by taking advertising we would fall into the ratings trap, and that we would compromise our quality standards and go the way of the other broadcasters."

But since that time, "we've discovered that what advertisers want from us is specifically the quality programing, even more so than the pure kid audience, and that we have efficient buys. That has been our big attraction," Schneider believes.

When announced to the ad community last fall that *Nickelodeon* would begin taking ads in January 1984, the response was thundering, Schneider says. "Advertisers wanted to come on board earlier, during the fourth quarter, but we were caught unaware. We had no sales staff, no rating data, no literature, plus our entire library of programing needed to be re-edited for commercial slugs."

"While we couldn't put them into the programing, we had some availabilities between shows, and they took them. We virtually sold out all avails in that fourth quarter," he explains.

In the meantime, *Nickelodeon*, reaching 16.7 million homes, went on the meter and scored a 1.0 household rating in homes with at least one person under 18 years of age during October. In homes with at least one person under 12 years of age, it averaged a 1.3 household rating and in total homes scored a 0.6 rating. In November, *Nickelodeon* inched up to a 0.7 rating, total homes.

To date, *Nickelodeon* has signed on Quaker Oats, Mars/M&M, Kellogg, Milton Bradley Toys, Smurfs Records, Walt Disney Records, The Disney Channel, Hostess Cupcakes, Activision, Warner Lamber's Bubblicious bubble gum, American Home Products, Tomy Toys and Stride Rite shoes.

One of the advantages that *Nickelodeon* stresses is that its age-directed programing allows an advertiser to target a message to any specific age group, from pre-schoolers to teens. From 8 a.m. through 3 p.m., for example, the programing is targeted to preschool children, and will only carry half the commercial time—four national and one local minutes an hour. From 3 p.m on, with programing structured for school age and teen children, it will carry seven national and one local minute per hour.

Nickelodeon will aggressively be marketing itself as an ad supported service this spring, Schneider asserts. "The swaddling infant called *Nickelodeon* which showed promise a few years ago is not growing up and entering a new phase in its development. We fully intend to start flexing our new muscles to become a major contender for the millions of dollars invested in advertising to reach children in the U.S. and we have an enthusiastic and growing audience to prove it."

One tactic *Nickelodeon* will use to achieve more viewer awareness is a two-pronged ad campaign aimed at kids and mothers. This spring *Nickelodeon* will break a cable broadcast campaign in major markets—"a couple of hundred points per week," Schneider says.

In addition, *Nickelodeon* will run four on-air sweepstakes for kids to build viewership. One sweepstakes, will be a "Slime-In," which is a popular event on *Nickelodeon's* program, "You Can't Do That on Tv." The winner will appear on the show, get "slimed-in," and eat at "Barfy's," a popular children's restaurant.

To make mothers more aware of the programing, *Nickelodeon* will break a print campaign in women's magazines.

The industry seems to have high hopes for *Nickelodeon's* future as an ad supported service. "They'll pull it off," predicts JWT's Kaatz.

***Nickelodeon* will pull it off.**
—Ron Kaatz, J. Walter Thompson.

"They're a natural for certain periods of the year, like the fourth quarter where they're really needed. But they should develop some better research numbers on who they're actually getting. They provide a little different audience than Saturday morning, and they should highlight that.

"And they will. *Nickelodeon*, you know, is from the same folks who brought us *MTV*," Kaatz concludes.

Marianne Paskowski

BRAND REPORT 96:

REPRO Clinique Ad

Cosmetics

Cosmetic ad expenditures are up by 8% as competition mounts for consumer dollars freed from the recession. Consumers, however, are looking for value for that dollar. Pricing has become an increasingly important factor in how well a brand sells. Several department store brands have opted for hefty promotions to compete with lower-priced brands. Prices overall last year were up only by 3%, sending sales gains up by 5% last year and unit growth by 2%-3%.

Cosmetics sales continued to suffer throughout 1983, a slowing trend which began in 1981. The market is nearing maturity as the number of women entering the workforce peaks.

While unit sales during 1983 were up only 2%-3%, advertising dollars grew by 8%, a sign that the competition among cosmetics marketers is fierce.

Pricing has become one of the most important battle grounds. The higher-priced, department-sold brands, in particular, have effectively moved into the medium-priced brands' territory, siphoning off their mass market sales.

"Retail promotions have definitely become more important because the consumer wants more value for the dollar," said Deepak Raj, a cosmetics market analyst with Merrill Lynch.

"It's not that the medium-priced brands don't have a place in the market but that the more expensively priced brands have become more aggressive," he added.

Last year, prices were up only 3%, following a year when price increases, some as high as 20%, were widespread.

Particularly good performance records for 1983 were turned in by Noxell with a 25% sales increase in L'Oreal, also with a 25% gain. Maybelline's sales were up by 10%. Revlon reportedly had the worst year in its history, the problem being the difficulty of promoting a wide number of brands and product lines in several subcategories of cosmetics. Revlon is also trying to cultivate a new image for Ultima II, having phased out Lauren Hutton, the product's face nearly a decade, for Kim Alexis.

The door-to-door giants, Mary Kay and Avon, have not been repeating their strong gains of 1981. As economic conditions have improved, these two houses have lost growing numbers of saleswomen, who are no longer striving for a second income. Although both have upgraded incentives to sell, sales turnover has remained a major hurdle.

Mary Kay, however, has shown dramatic increases in growth over the past five years, which only slowed this past year. It has benefitted not only from the motivational leadership of Mary Kay herself, the founder of the company, but also from a strong position in the skin care segment, the fastest growing category in the market.

Cosmetic marketers continue to pour

Now Estée Lauder helps skin care become skin repair with her Night Repair Cellular Recovery Complex. Its exclusive complex of ingredients is a beauty breakthrough that cannot be duplicated, formulated to do what no other treatment can do.

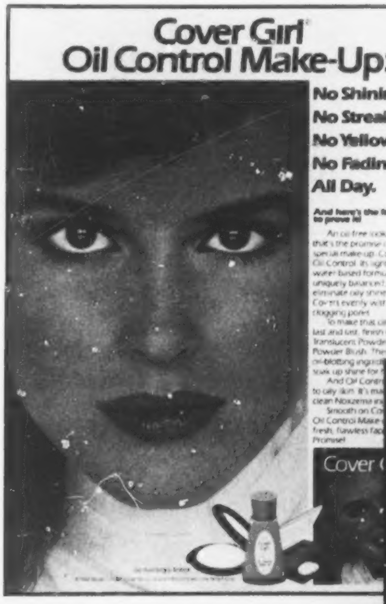
Night Repair is a biological breakthrough that uses the night, the time your body is resting, to help your skin refresh and restore itself as you sleep. Laboratory tests show that Night Repair helps speed up the natural repair of cells that have been damaged during the day by the ultraviolet light all around us (which incidentally occurs all year long, winter as well as summer). Night Repair also increases the skin's ability to hold moisture.

Today Estée Lauder advances skin care to Night Repair. Use it tonight and every night and wake up to better looking skin.

ESTĒE LAUDER

Estee Lauder aims to be one step ahead of the competition with a skin care product that the company claims can help repair skin.

increasing amounts of advertising dollars into network and spot television, the favored medium for creating a positive image. The percentage, however, has dipped. Taking up the slack are newspaper supplements and a slight increase in national women's magazines. Print media is becoming more popular as a vehicle for delivering cents-off coupons and promotional tie-ins.

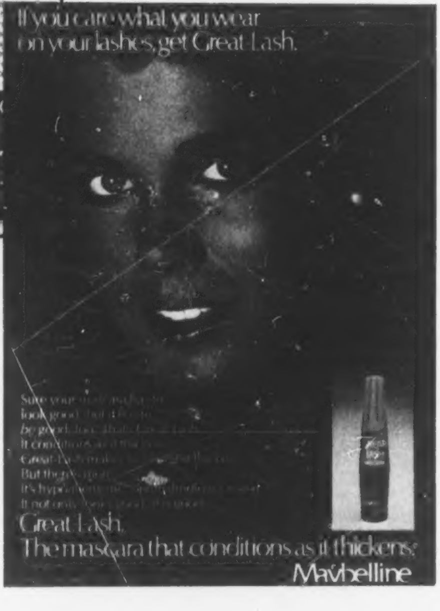


Cover Girl's sales were up last year by 20%, a sure sign that the brand's clean, fresh-looking advertising strategy is working.

◀

Maybelline stresses product benefits in magazine and television ads. This print ad for mascara emphasizes that it conditions as it thickens.

▼


If you care what you wear on your lashes, get Great Lash.
Great Lash.
The mascara that conditions as it thickens.
Maybelline

Magazines, newspaper supplements and newspapers, however, have enjoyed a steady percentage, about one-third of the over $300 million spent to advertise cosmetics. Print has allowed cosmetic marketers to pinpoint specific targets for brands skewing to teenagers, young and middle-aged women. Magazines have been popular because colors and shades can be portrayed accurately and the product's features can be explained.

Revlon

Fighting two poor years in a row, Revlon has boosted advertising by a "tremendous" amount, according to a company spokesperson. The volume is up for network television although national women's magazines are receiving slightly greater allotments.

Revlon's difficulties stem from the mass marketer's enormous size. According to expert observers, Revlon's image has been dispersed over too many cosmetic brands. Revlon sells the higher-priced Ultima II, Natural Wonder for teenagers, and the two-year-old skin care line, European Collagen.

In addition, Revlon has introduced a new face for Ultima II, having replaced 10-year product spokesperson, Lauren Hutton, with Kim Alexis.

Although the company's sales are off, this mass marketer continues to hold a 28% share of the market. Revlon manages to hold this share, however, with a $22 million ad budget, an amount smaller than several other mass marketers.

Revlon spends a high percentage of its media dollars in network television, some $10 million of the overall $22 million budget. Spot television receives another $4.3 million.

Even with the large television outlays, however, Revlon is a big spender in national women's magazines. In 1982, Revlon allocated more than $7 million to the medium. Revlon spent nearly $400,000 in newspapers, making it one of the larger users of the medium. In newspaper supplements, Revlon's ad budget was $275,000.

Maybelline

Maybelline's $28 million advertising budget continues to position its brands as "fine makeup for a good price."

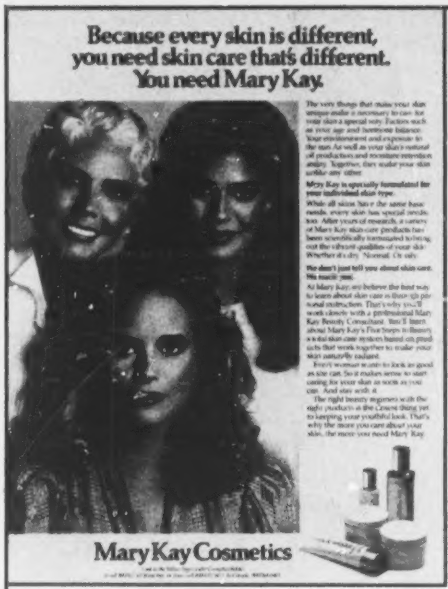
The company is willing to spend large sums to maintain its 13% market share. Its $28 million budget is topped only by Cover Girl.

Maybelline's Dial-A-Lash, a revolutionary mascara introduced two years ago, continues to sell very well, according to Robert Schreiber, advertising manager. Other recent introductions include a shine-free makeup for younger consumers with oily skin problems and a long-wearing lipstick and makeup.

Maybelline buys media more flexibly than its competitors. It is one of the few cosmetics marketers to use radio. Additionally, Maybelline spends a higher proportion, about one-third of its overall budget in women's magazines.

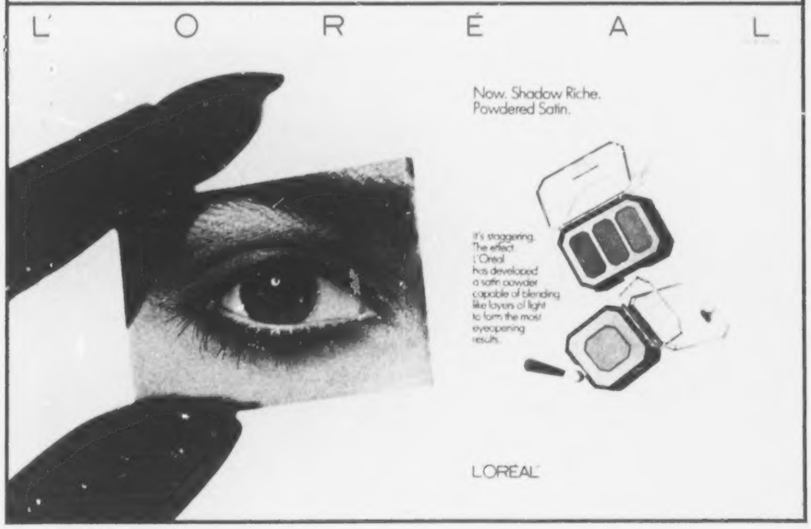
Schreiber expects no basic shifts in media philosophy to occur. However, Maybelline is beginning to use cable. It has bought MTV to promote the new Shine Free line.

Maybelline has held firm on pricing increases, which has helped to spur the brand's growth. Maybelline showed a small percentage increase in sales during 1982; 1983 sales were up by 10%.


Because every skin is different, you need skin care that's different. You need Mary Kay.
Mary Kay Cosmetics

Mary Kay is seeking to position itself as the beauty expert for skin care. Print advertising builds on that premise and also helps to motivate the Mary Kay salesforce.

L'Oreal uses a minimal number of elements to emphasize repositioning in an effort to reach upper end of mass market.


L'ORÉAL
Now. Shadow Riche.
Powdered Satin.
It's staggering. The effect L'Oreal has developed a satin powder capable of blending like layers of light to form the most eye-opening results.
L'OREAL

Raintree

In late December 1983, Noxell Corporation decided to drop advertising for Raintree, a moisturizer which had been backed by a budget exceeding $6 million.

The category of skin moisturizers had become highly competitive following the introduction of S.C. Johnson's Soft Sense and extra marketing efforts by Jergens Lotion and Procter & Gamble's Wondra.

The decision to stop advertising came after the account switched from SSC&B to Backer & Spielvogel. The new agency had recommended substantial increases in advertising.

There were a lot of theories about why the brand was dying, according to a source close to the business. But most agreed that it was not a problem with the brand but a marketing strategy problem, the source said. At the same time, competition was becoming so heated that the brand was running out of power. Door-delivered brands also reduced Raintree's share.

Adding to Raintree's problems was the death of long-time product spokeswoman, Natalie Wood.

Vaseline

Chesebrough-Ponds commands a 24% market share with Vaseline Intensive Care. The company's nearest competitor in hand and body lotions is Jergens with a 11% share.

Vaseline targets women 18 years and older with a concentration against women 18-49, according to associate product manager, Lee Cuthbert. The primary advertising goal is reach, with a secondary objective being frequency and continuity, he said. Nearly all of the brand's budget goes into television, with the main percentage in network television. Although Vaseline was not advertised in magazines during 1983, Cuthbert noted that there is a possibility that the brand may use the medium in 1984. The only print currently employed is free-standing inserts for promotions.

Product extensions have been introduced to Vaseline Intensive Care, a dermatology addition in 1980 and last summer, Herbal and Aloe. Unlike Intensive Care, it is positioned to cure beauty ailments. Intensive Care is advertised as therapeutic.

Special attention has been paid to promotions of Herbal and Aloe. During the summer months of July and August, the line extension was advertised in flights on network television, using the summer season to highlight the product's ability "to make your tan look better longer."

Ponds

Chesebrough-Ponds' cosmetic entree into the moisturizer skin care segment, Ponds, cannot outspend Oil of Olay whose budget exceeds $28 million. Ponds stretches its $7.3 million budget with a creative theme that works to enhance the brand's image as a highly effective skin care product.

Over $6 million of Ponds' advertising budget is allocated to network television. The small remaining dollars are divided among national women's magazines.

Pond's cleanser and dry skin cream are adverised nationally on television as the product that beautiful women around the world use to care for their skin.

Much of Pond's network television time is daytime with small amounts in early news and prime time. Although the brand manages to seem like a big television spender, product manager Laura Klauberg notes that no one is able to outspend its chief competitor, Oil of Olay.

Cover Girl

Cover Girl is benefitting by its strong singular link with Christie Brinkley. Aided by price increases on its best-selling items, Cover Girl staged a strong performance during 1983, up 25% in dollars. In units, the brand was up 5%.

The large advertising outlays behind the brand also have not hurt its burgeoning position in the marketplace. Cover Girl is spending upwards of $30 million, putting it in first place for the largest advertising expenditure.

Two-thirds of the brand's budget goes into television, with some $22 million in network television and a small amount in spot television. $9 million is slated for women's magazines.

Cover Girl's Moisture Wear continues a strong battle with Revlon's Natural Wonder, using Stephanie Powers to target the brand to women 25 years and older.

According to vp and corporate secretary, Robert Lindsay, the company puts a high stake on the value of Stephanie Powers. Lindsay noted that she was voted one of the most believable commercial product endorsers on television.

L'Oreal

L'Oreal was given a new push last year with a new repositioning and repackaging to portray to consumers to change.

The brand has been repositioned in the upper mass market but is sold in drug and mass merchandising stores. L'Oreal's move resulted from a realization that a gap needed to be filled in the marketplace between costly brands.

Drugstore lines were tending to put more promotional money into discounts, leaving few upscale lines.

Accompanying the brand's transition to upscale was a massive increase in advertising outlays. The ad budget doubled in 1982 to more than $8.5 million, with $7.3 million in network television and $1.2 million in magazines.

Mary Kay

Like its door-to-door competitor, Avon, Mary Kay has experienced a softness in recruiting salespeople. Growth of the 20-year-old company had been surging during the last five years, but during 1983, sales were up during the first three quarters of the year by 18%. The company had grown from $53.7 million in 1978 to $304.3 million in 1982.

Mary Kay used network television for the first time in 1982, which caused an increase in the budget to more than $7 million.

This year, however, the company is taking a wait-and-see attitude about network television advertising, according to a company spokesperson. It wants to watch the results of a reinforced incentives system before determining whether it can justify the expense of network television.

The medium has worked well in the past for the company, however, serving as an effective stimulator for the company's sales representatives and a recruiter for additional sales personnel.

Rebecca Fannin

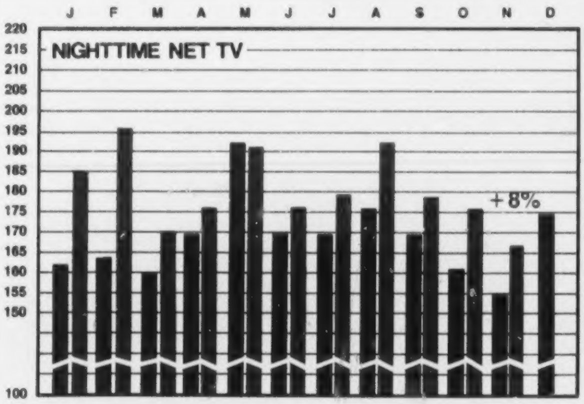
Media breakdown by top cosmetic ad spenders in 1982

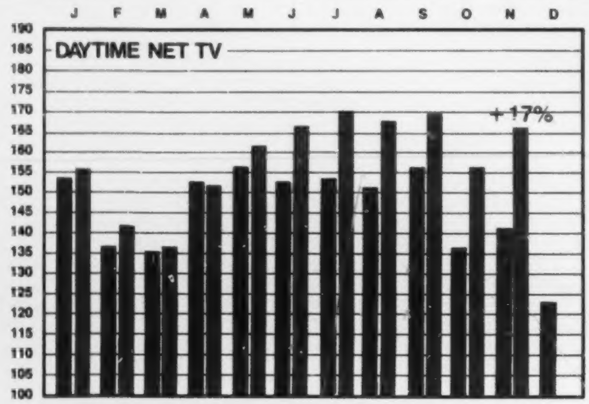
	Total	Magazines	News sups	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Newspapers
Oil of Olay	$27,597.7	$4,795.5	—	$18,909.2	$3,893.0	—	—	—	—
Maybelline	27,993.1	9,892.1	—	15,570.0	2,531.0	—	$ 41.5	—	—
Cover Girl	30,822.6	9,089.3	—	21,975.4	95.3	—	—	—	—
Revlon	22,134.4	7,152,6	$275.8	10,365.0	4,341.0	—	—	—	$362.4
Estee Lauder	11,137.7	2,912.8	364.0	—	7,860.9	—	237.9	—	432.3
Vaseline	11,491.0	814.2	—	9,828.2	848.6	—	.2	—	—
Mary Kay	7,639.9	1,963.4	489.6	4,135.2	—	—	520.6	—	527.1
L'Oreal	8,492.5	1,236.9	—	7,255.6	—	—	—	—	—
Pond's	7,364.6	630.0	—	6,125.3	—	—	—	—	—
Raintree	6,066.4	1,172.6	—	4,301.3	609.3	—	—	—	—

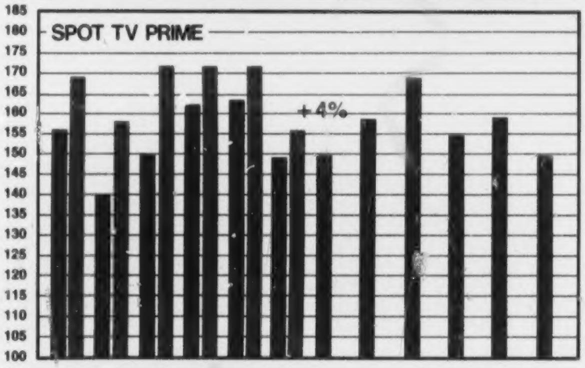
Source: LNA/PAR

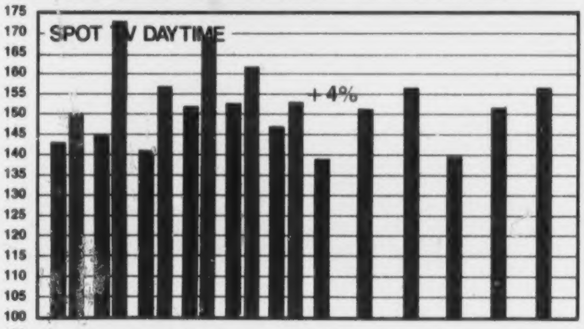
MEDIA COST INDEX

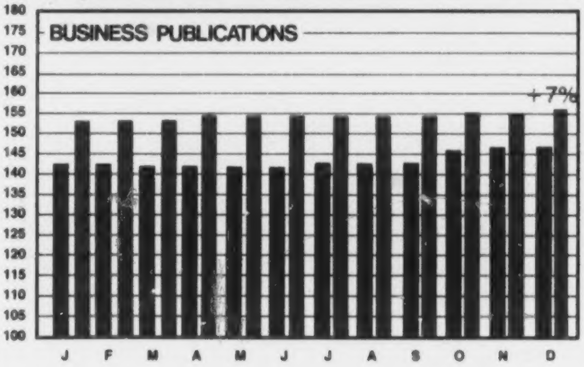
Black bars index for 1982; color bars 1983; base year 1977











The rate-change plottings for this month show some interesting changes.

The **network tv** categories are both up over Nov. '82 with **daytime** being the most aggressive — an increase of 17%, up from 14% in October. **Nighttime** rates, while up 8%, are down from 10% in October and 9% in August and September.

Network radio, after a rate surge in October (up 12% over Oct. '82) reverted to a 5% increase for Nov. '83 over Nov. '82, much in line with the 2-5% increases shown for most of 1983.

Business publication rates, after trending downward in the month-over-month comparisons since June, turned upward in December (7% over Dec. '82), which fits in with the 7.3% increase predicted in *Decisions'* annual rate-increase forecast (Fall Special 1983 — page 25). An interesting note: Several of the publications in our sample have held to their 1983 rates.

Among the other print media: **supplements** are holding at the November level — up 17% over Dec. '82; **newspapers** are holding at a 10% increase; **outdoor** is also holding at 10%; **consumer magazines** are repeating 7%. And, as forecast earlier, it looks like magazines will come in at plus 9% in January.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

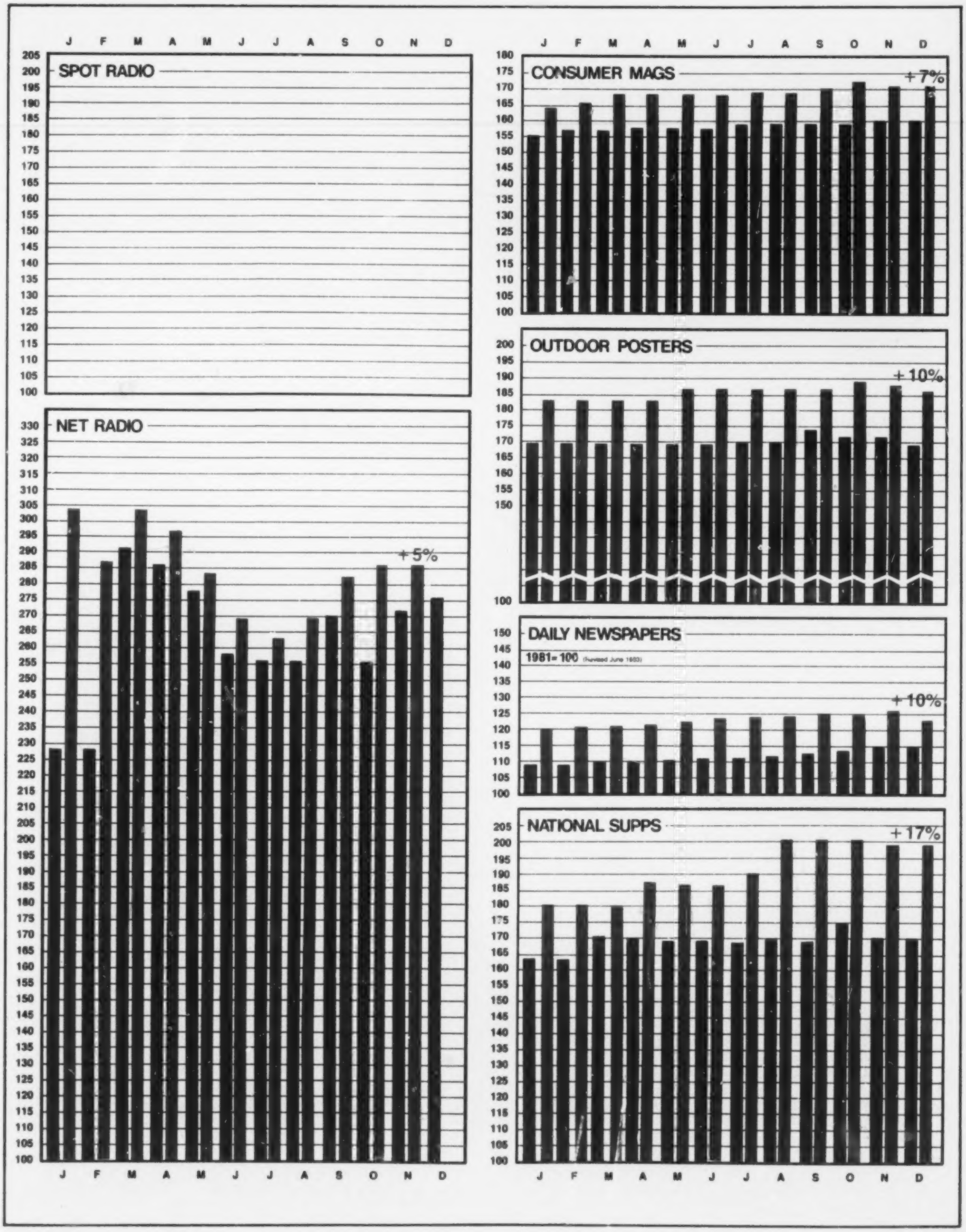
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977



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MARKETING & MEDIA Decisions

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P&G's orange squeeze

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Acid test for people meters

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FUTURES

Communications industries boom

This discovery, by the New York investment banker Veronis, Suhler & Associates, comes as a surprise to those who thought that broadcasting, publishing, advertising, film and other communications industries precede the economy into recession and lag in recovery.

According to the recently released VS&A study, communications grew faster from 1978 to 1982, than all but a handful of industry groups, averaging better than the average performance of the Standard & Poor's 400.

Based on accelerated growth figures, VS&A predicts that communications will continue to boom. John Suhler, president of the firm, explains that the study was initiated because of requests for comparative industry growth trends and profit margin performance.

"Executives can also compare their segment's performance with each of the other eight segments and with the overall communications industry's record as well."

The nine segments contained within communications are: newspapers, consumer magazines, business magazines, business information services, radio and tv broadcasting, cable/pay tv, book publishing, advertising agencies, and entertainment programing/distribution.

"It's clear from reviewing the data," Suhler notes, "that specialized rather than diversified, or multimedia, companies are more likely to be found among the industry's growth and profit margin leaders. The data also show that communications is an exceptionally recession resistant industry. Given its resilient performance and increasing income growth over the last five years, communications has been and will remain an attractive field for corporate growth and investment."

Leading Companies

Company	Rank	Segment	% Growth
Five-Year Revenue Growth			
Telepictures	1	Entertainment	364
Movie Systems	2	Cable/pay TV	177
Cannon Group	3	Entertainment	85
Viacom	4	Radio/TV	78
American Family	5	Radio/TV	70
Storer	5	Cable/pay TV	70
Five-Year Pretax Income Growth			
Cannon Group	1	Entertainment	119
Jones Intercable	2	Cable/pay TV	110
Reeves	3	Entertainment	85
Four Star Int'l	4	Entertainment	78
Reuters	5	Business Info. Serv.	71
1982 Operating Margins			
Jones Intercable	1	Cable/pay TV	53
Telerate	2	Business Info. Serv.	52
Gross Telecasting	3	Radio/TV	51
Four Star Int'l	4	Entertainment	48
LIN Communications	5	Radio/TV	42
United Television	5	Radio/TV	42

Adapted from VS&A COMMUNICATIONS INDUSTRY REPORT

A cheery outlook for the communications industry, dominated by film production houses.

Delving further into consumer shopping habits

A couple of surveys recently came our way, describing the consumer's buying habits for fresh fruit and vegetables (from Vance Research Services, of Prairie View, Ill.), and shopping patterns for hardgoods and apparel (from Leo J. Shapiro and Associates in Chicago).

The latter, conducted for *Discount Store News* among 1,000 people by random telephone poll, found that shoppers favor discount stores for hardgoods, despite discounters' efforts to sell branded apparel and upgraded merchandise.

Off-price apparel retailers have made aggressive attempts to court shoppers from upscale department stores and shops, but to no avail, according to the study, and ended up faring even worse than traditional discounters.

Specialty discounters, on the other hand, found favor with shoppers of high-tech items — computers, software, vcr's, stereos and telephones.

Continued on page 56

THE NEW ELECTRONICS

USFL draws advertisers to *ESPN*

ESPN kicks off its second year of United States Football League (USFL) coverage with a healthy slate of advertisers. The service, which has a subscriber base of 29.3 million homes, is charging advertisers $12,000 for a series of three 30-second spots — one positioned within the live telecast and one within each of the two repeat airings each game receives.

The Ford Motor Co., will be the exclusive auto advertiser in a designated quarter in each of the 36 games the network will televise this year. Dodge, a division of Chrysler Corp., has also reached a similar sponsorship agreement for 18 games, while Mighty Distribution Systems of America, a distributor of auto parts, has signed a pact for exclusivity in one quarter of all 18 Monday night games.

And like last year, Mennen will sponsor a "Most Valuable Player of the Game" segment each Monday night.

Good news for indies

As penetration for New Electronic Media (NEM) continues to chip away at established media's share of viewers, what will be the impact on independent television stations?

That's the question Bill Harvey, publisher/editor of "Media Science Reports," tackled at a recent meeting of the Association of Independent Television Stations. And if Harvey's crystal ball is in focus, the news looks good for the indies.

Harvey told the gathering of independent station owners that despite the rising NEM tide — up from a 4 to a 12 share in prime time audience from 1980 through 1983 — independent tv stations, too, have increased their prime time shares — up from a 9 in 1980 to a 12 in 1983. "NEM, superstations and indies are not taking audience from each other so much as they are all taking it from the network affiliates," he concludes, pointing to the networks' loss of 7 share points during that 1980-1983 stretch.

High marks for WTBS

Another pat on the back for Ted Turner. This time it comes from the International Coalition Against Violent Entertainment. ICAVE—a coalition of eight groups from different countries—monitored 30 commercial and public television networks.

ICAVE found that on the average, U.S. programing was four times more violent than Canadian, British, Austrailian or German programing. But SuperStation WTBS "came through with high marks for its commitment to wholesome, family entertainment, as well as for the large amount of documentary and educational programs aired during prime time," WTBS said.

Among U.S. networks, only the Public Broadcasting System scored higher for lack of violence. ABC, CBS and NBC all averaged more violent acts per hour, while pay networks like HBO, Showtime and The Movie Channel "Eclipsed WTBS in the mayhem department by more than 1000%."

CNN to debut "This Week in Japan"

Cable News Network debuts a weekly half-hour program, "This Week In Japan," sponsored by the Japan Center for Information and Cultural Affairs. The program will be produced by CNN's Tokyo bureau and will focus on news events with special reports on Japanese lifestyle. "This Week in Japan" will air Saturdays, 9:30 p.m. (ET) starting April 7.

Cable hits 39% penetration

Cable continues its upward trend as Arbitron Ratings reports that cable penetration has hit the 39% mark, or 32,546,800 households. The October estimate was 37.5% or 31,461,000 households.

As usual, small cities in California and Texas dominate the list of markets with the highest cable penetration, while larger markets in the Central and Eastern U.S. are among those estimated to have the lowest penetration. Of the 15 largest ADI's, Pittsburgh has the highest cable penetration at 50%.

Arbitron updates the cable universe quarterly using its own diary data. The next estimate will be available in May.

Cable estimates for top 15 markets (ADI)

New York	30%	Boston	31%	Cleveland	39%
Los Angeles	25%	Detroit	22%	Pittsburgh	56%
Chicago	18%	Washington	18%	Miami	38%
Philadelphia	40%	Dallas-Ft. Worth	29%	Minneapolis-St. Paul	13%
San Francisco	45%	Houston	38%	Seattle-Tacoma	44%

Source: Arbitron Ratings

UPDATE

Fewer coupons beyond redemption

The economy may have turned around but you'd never know it from the way consumers redeemed cents-off coupons in 1983. The A.C. Nielsen Clearing House reports that redemptions climbed 24% last year over 1982, as 5.56 billion coupons were turned in at the supermarket cash registers across the nation. (See: *Coupon Rip-off*, May 1970, pg. 62)

In the last four years redemptions have increased 62%, with total redemptions rising from 3.44 billion in 1979. The coupon redemptions converted into $1.69 billion in terms of total consumer cents-off savings.

The total number of coupons distributed last year was 142.9 billion, producing a redemption rate of close to 4%. Daily newspaper R.O.P. solo offers accounted for 20% of the coupons distributed. Co-op offers in daily newspapers accounted for another 12%, and free-standing inserts delivered 36%, and magazines carried another 10%. Direct mail delivered 4.3% of the coupons, and in/on pack coupons added another 5.6%.

The delivery breakdown for the past three years is illustrated above.

Percent of coupons distributed by media

		1981	1982	1983
Daily Newspaper	**R.O.P. Solo**	27.3%	23.1%	20.0%
	Co-op (All)	17.7	15.2	12.2
	Fr.-St. Insert	—	—	6.4
Sunday Paper	**Magazine**	7.3	6.3	4.9
	Fr.-St. Insert	26.2	33.3	36.6
Magazine		11.8	11.4	10.0
Direct Mail		3.3	3.8	4.3
In/On Pack		6.4	6.9	5.6
	TOTAL	100.0	100.0	100.0

A.C. Nielsen

No chill on frozen foods

Although frozen foods are gaining in overall popularity with consumers, there is still concern in consumers' minds about the quality and nutritional value, according to a study from the Berni Corporation, Greenwich, Conn., conducted for the Package Designers Council. (See: *Brand report 84: Frozen dinners*, February 1983, pg. 129.)

The Berni Report states, "Clearly the frozen foods category is hot right now — consumers have been warming up to frozen foods like never before. But if frozen foods are to successfully transform their previous 'tv dinner' image, marketers must walk a tightrope between packaging presentations which seduce and overpromise versus those which communicate honest appetite appeal. One wrong step could heat up consumer disappointment and jeopardize repeat sales for the entire category."

Findings from the study disclose that while consumers for the most part love the convenience of frozen food and are increasingly pleased with their taste — particularly the new, upscale entrees and super-premium ice creams — they are still ambivalent about the category, questioning frozens' quality, nutritional value and expense.

The report ads, "Our findings suggest that there exists a significant opportunity to reassure consumers about the quality of frozen foods via appetizing yet accurate packaging presentation."

AT&T makes videotex framing easier

Frame creation, the production of graphics for videotex, will be less of a stumbling block for users of the medium, according to the American Telephone and Telegraph Company's consumer products division. A new software package has been released by AT&T, which has 40 new features and can increase operator productivity by as much as 30%. (See: *The ABC's of videotex*, November 1983, pg. 64)

The new software package, labeled the 3.0 release, is designed to speed the work of the graphic designer by reducing the operation of editing frames to only one step, which saves time and allows more frames to be produced in a day. Frames will also require fewer bytes per frame. Consequently, sophisticated frames can be stored in less space on a mainframe computer and be transmitted in less time to customer terminals. The 3.0 release also supports a peripheral port on the system, which allows a printer or camera output device to be connected to the system.

AT&T consumer products will upgrade present customers' software immediately at no charge.

(See item on jump page 52 for new compatible software developed for the transmission of different videotex protocols.)

Continued on page 52

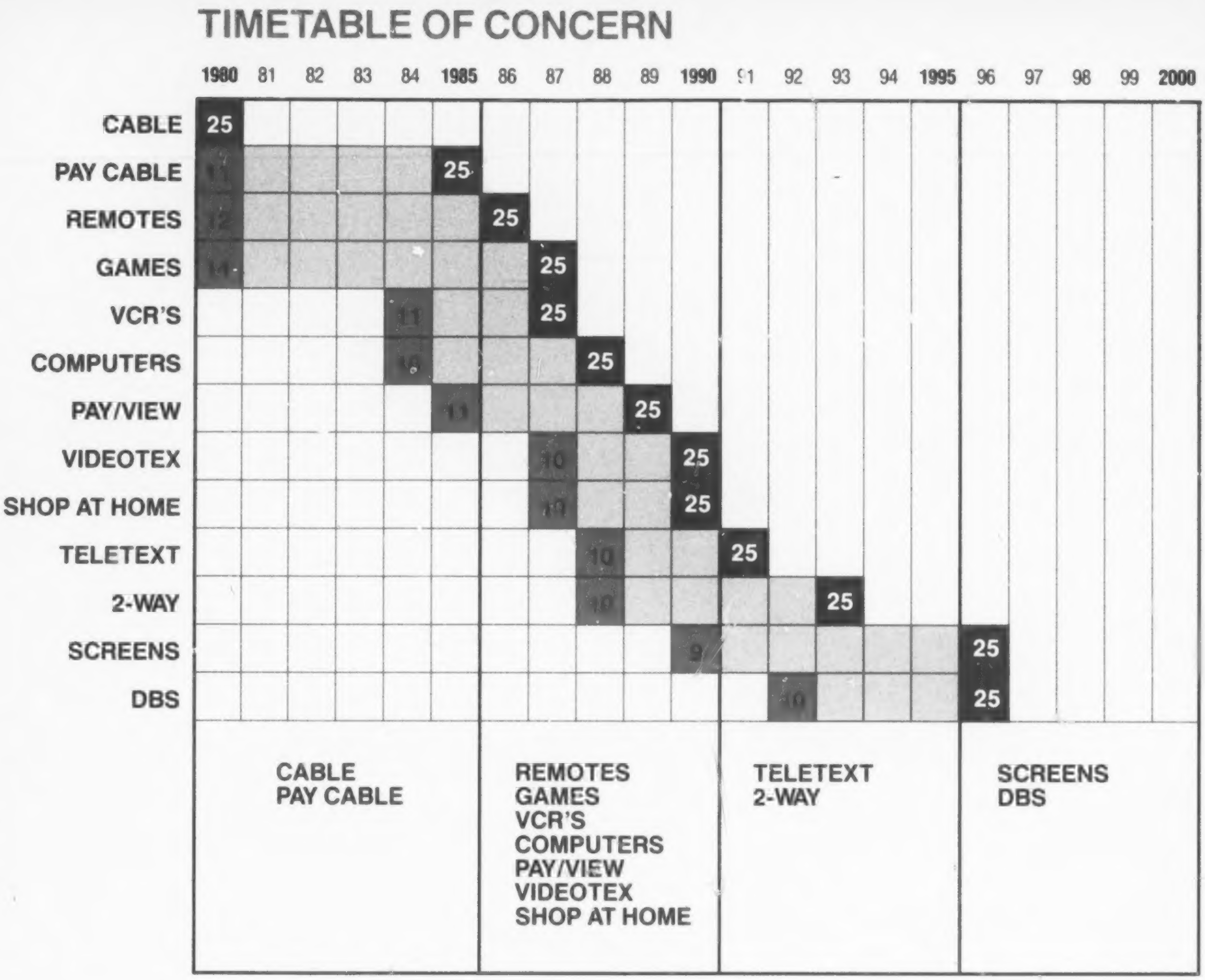
MARKETING & MEDIA Decisions
April 1984/Volume 19, No. 4

Get ready for the video generation

Which of the new electronic media are likely to grow and attract the most users? Steven J. Fajen, senior vp, director of media, Compton Advertising, handicaps the future of various distribution systems, screen attachments, video forms. The good news is that more time will be spent in front of the tv set. The bad news is that network shares will continue to fall. And the catch is that advertisers must begin to pay more attention to today's teenagers.

The predicted growth rates for the new video forms cited in this work were generated from a variety of sources. Counsel was sought from vested video interest. Broadcast entities and their representative institutions were approached. Manufacturers and renderers of service in the video field were contacted. Newsletters and trade press were scrutinized. The opinions of respected futurists were sought.

The final figures presented here are no more final than tomorrow. All data are subject to change. This is a volatile marketplace. However, the figures represent a consensus from the above counsel, tempered by the whim of the author. They are no better or worse than the guesses of anyone else who wishes to spend the same time and effort. They are no more right than the



best effort to guess what might happen tomorrow, today. They are no more wrong than waiting idly unprepared for the events of tomorrow to wash over us. They are beginning to plan for the future, now.

New wave video

Imagine yourself standing on a beach. It is night time. While you can see by the light of the moon, the water plays tricks with your eyes. As waves build one upon the other in the distance, you try to guess how large each will be when it reaches the shore. But the water is turbulent, the undertow strong and the current shifting. Distant high curlers often arrive placidly. Yet other waves swell slowly, grow angry, foam up and crash upon the beach.

It is too dangerous to wander into the water for a better look. There is a nagging fear of the undertow and the unknown. So you stare transfixed by the never-ending onslaught of water in all its shapes and sizes.

Essentially that is about where we stand today, on the beachhead of a new electronic media era. Between our toes we can feel the comforting touch of traditional media forms, but they are unrelentingly slipping away. In recent years we have tried unsuccessfully to figure the shape of today's shoreline. As recently as six years ago, we splashed predictions about cable television around that were wrong. We said "critical mass" of 33% penetration would be reached by 1985. Cable passed that point over a year ago. "Critical mass" was supposed to be the point at which a new medium would begin to change contemporary media habits. Network shares started to erode in 1978, seven years early. All this happened due to a relatively familiar medium: cable tv.

Considering the possibilities for failure in a future that promises to introduce a much greater variety of unfamiliar media forms, we could easily shrink from prediction. On the other hand, with a lot of hard work and imagination, we can metaphorically throw a surfboard into the water to better gauge the size of each wave close up.

Distribution Systems

Cable: Using special antennas, cable system operators pick up a signal and send it through their own cables to a subscriber's home. Subscribers pay a basic monthly charge for that service. For an additional monthly fee, they can purchase pay tv networks with special program fare like movies.

Since 1980, total cable penetration

of all U.S. tv households has risen from 26%-41%. 35%-40% of homes that are able to accept cable decline the opportunity. Therefore, it is estimated that by the end of the century when just about everyone could have cable tv, about 60% of all homes will. An exponential growth of cable will be further hampered by the introduction of new technologies yet to be introduced, that could serve the public in a more favorable way.

Within the universe of cable homes, pay cable will be at 26% by 1985. The popularity of these networks is likely to grow through 1995 when it should peak at around 43%, then decline in favor of other technologies, just as the growth of basic cable will be inhibited.

Special pay services: Pay per view is a system by which an individual will at some point in the future choose to watch a special event but have to pay to see it by unscrambling a signal for a fee. These systems will grow in popularity in the early 1990's, as they begin to buy the rights to special programing that is desirable enough to pay for. From 1990 to 2000 they will grow from 28%-58% penetration.

Subscription tv essentially exists as a substitute for cable in areas that are not yet wired. By subscribing to the service on a monthly basis, a home can unscramble a signal through the use of a decoder. This distribution system will not have much of a future beyond its current popularity as other technologies advance.

Other delivery systems: The Direct Broadcast Satellite System could obviate the need for cable systems. A signal is transmitted by satellite directly to a subscriber and is picked up by a home receiver dish. The cost of these dishes is likely to be reduced to a few hundred dollars by the 1990's, making DBS an affordable alternative. Furthermore, DBS is a multi-channel system that can broadcast ad messages as well as many different kinds of premium programing, thus making it a desirable medium. While the growth of this form will be slow to develop, by the mid-90's, it should take off from 21%-50% penetration, replacing many of its forerunners.

Multi-point Distribution System (MDS) provides a pay channel through a local line of sign transmission. It provides a multi-channel program capability with about a 20-mile radius and is funded by subscription. It is most frequently used in hotel and apartment complexes. MDS is not likely to exceed 5%.

Low Power TV (LPTV) like MDS is a locally originated system, with only a single channel capability. This form is not expected to grow.

Screen attachments

VCR's & Cameras: From a relatively meager beginning of 2% ownership within U.S. households in 1980, VCR's will have permeated 15% by 1985, over a third of homes by the end of the decade. And as prices continue to plummet and units are built into tv sets, fully 80% of all homes will have a unit by the end of the century.

In order to operate a video camera, one must first own a VCR. Further inhibiting the rapid growth of cameras are their price and the enormous popularity of still cameras. Less than 10% of the population now owns a movie camera. It is expected that video cameras will gain a modest 5% growth by the end of the 1980's and 15% by the year 2000.

Games: With the onslaught of other technologies and hand-held games, the introduction of a less expensive and much more versatile computer and the presence of a fickle public, sales of video games have already begun to fall off. This once explosive area is now projected to reach into just over a quarter of all homes by 1990 and taper off.

Video disc players: Without a recording capability and as advanced a technology, VDP's have never really been a serious threat to VCR's. However, as their technology improves and they acquire a capability to record, as a feature built-in to new television sets, VDP's will begin to gain in popularity. By the 1990's, VDP's will gain acceptance within one of every six homes.

Accessories: The remote control unit will eventually enjoy universal popularity. Most new television sets will be sold with a remote unit and an average set turns over every seven to eight years. Remotes will vary in form from the small hand-held unit to the box that accompanies the acceptance

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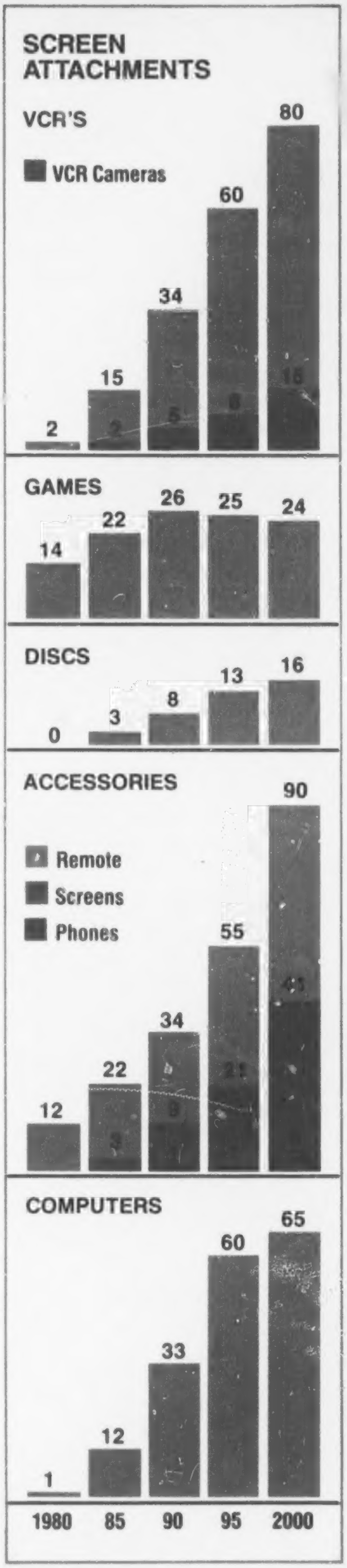


VIDEO GENERATION (from 61)

of cable into the home. That box allows people to quickly scan any number of stations at the mere push of a button. Remotes are now present in nearly 20% of all homes. By the end of the decade, one-third of all homes will have one and by the end of the century fully 90% will. This device will drastically alter the way advertisers will have to communicate with viewers.

Non-traditional sized screens will come in many sizes from giants to portable wrist-watch like models (already on the market). Roughly one in ten homes will own a new screen size by 1990 and four in 10 by 2000. Video phones, however, will not enjoy the same growth as most of the new technologies covered. This device is really the stuff of the 21st century.

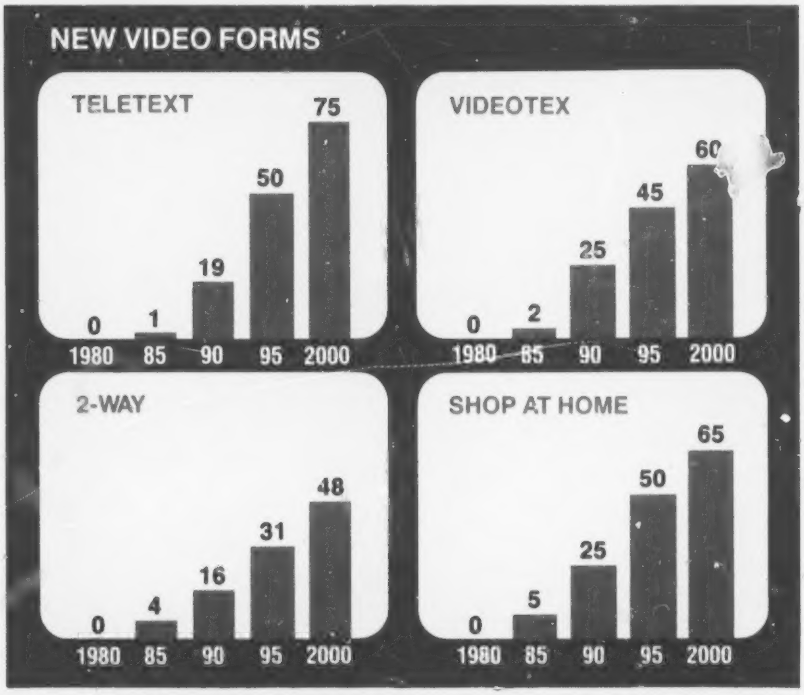
Computers: Projections on the growth of computers are being updated nearly every day. With an accelerated technology and lower prices, it is expected that nearly a third of homes will either own or rent a computer by 1990 and roughly two-thirds will own or rent by the year 2000.

New video forms

Teletext: This is a non-cable subscriber service provided by local tv stations. Using a special console, viewers can switch from standard tv programming to pages of information on the tv screen. Subjects could cover news, stock quotations, sports, classified listings and so on. This system, initially offered through a converter, will eventually become available through personal computer software and be built directly into the tv set (where it will enjoy the bulk of its growth). While teletext barely covers 1% of the country at the moment, nearly 20% of homes will embrace this capability by 1990 and as many as 75% by the end of this century.

Videotex: Like teletext, videotex displays alphanumeric material on the screen. However, this is an interactive service that connects a home terminal to a computer databank. Currently the system is in the experimental stage, marketing a bank-at-home service. Videotex will be delivered by several methods, including personal computers, telephone lines, cable, DBS/MDS/STV/LPTV and picture phones. The real growth spurt for videotex will begin at the end of the 1980's when it will approach 25% penetration. By the end of the 1990's the medium should have attained 60% penetration.

Two-way tv: This is strictly a cable-related system, which is interactive in nature. Viewers can respond to local programs, surveys, interviews, and can vote and even influence public opinion. It is expected that by the end of the decade, 16% of homes will have two-way by the end of the 1990's, 48% will have this capability.



Shop at home: Though most shoppers will still want to price items in person and experience the serendipity of shopping, a fair number of Americans will be able to shop from their homes before this century comes to a close. While only 5% will be able to shop at home by next year, 25% should be able to by 1990 and 65% by the year 2000.

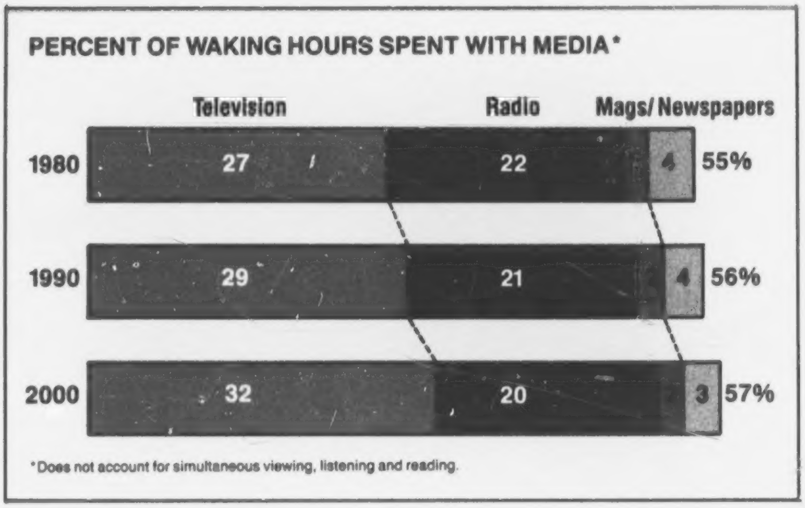
Undoubtedly, this will change the way marketers sell their products.

All together now: When all of these new wave video technologies are cumed together, interesting patterns emerge. In the base year 1980, only 35% of homes owned a piece of other than traditional video technology. The average home that did embrace the new forms took in between one and two. By next year, 60% will own an average of two. By 1990, 90% will have accepted three. By 1995, fully 98% will have between four and five new forms and thereafter people will merely load in one form.

So new wave video forms will continue to entice the public with increasing velocity. Each new medium will affect the others. Only a few will come and go, most will stay. Collectively they will fragment the mass reach potential of any one given medium. And finally by around the mid-90's, all homes will have taken in most of these new video alternatives.

New viewing patterns

With the introduction of new wave technologies, the amount of time each individual spends in front of a tv screen should increase. As years pass, software displayed on the screen will change, depending heavily upon the technology being used. In base year 1980, 27% of waking hours was spent in front of the screen. By the end of the century, the average American will spend 32% of their waking hours in front of the screen (about an hour more each day). Some of this hour gain in screen time will come at the expense of other media. A videophile generation will have come of age by the mid-1990's and essentially direct the media habits of our society. Radio listening will decline about 15 minutes a day from 22%-20% of waking hours. Reading time for newspapers and magazines will simultaneously decline by about 10 minutes each day, though their percentages are too low to be reflected in the table below.


PERCENT OF WAKING HOURS SPENT WITH MEDIA*

*Does not account for simultaneous viewing, listening and reading.

Network Erosion: Turning specifically to traditional tv, network shares will continue to erode. Since 1978, the combined shares of the three networks during prime time have dropped a point a year. We recently experienced a deceptive leveling of that erosion which in no way represents a permanent abatement. Consider the plethora of new media awaiting acceptance over the coming years. It is perfectly reasonable to expect that the networks will continue to experience share erosion. Superimposed on the now familiar chart of cumulative growth of new technologies, is the expected share decline for the three networks combined. By next year they should gross to 73% in prime time, then 63% by 1990, 54% by 1995 and only 50% by year 2000. Put another way, today's nighttime network commercial reaches about 12% of adults. By the end of the '90's, it will only reach 7%.

Reaching, a new experience: Considering network inflation and expected audience dimunition, new reach curves will have to be structured. Based on current trends, curves indicate that increasingly larger numbers of dollars will buy decreasingly smaller network television audience shares. If money were spent only on the three networks in a mixture of prime and daytime, vastly different patterns of audience accumulation develop over the years. For example, if one were to spend $10 million in 1980 on network in a year, they would reach approximately 75% of adults in any given month. By 1990, with the same dollar expenditure, only 50% of adults. By 2000, a mere 20%.

The biggest gaps between the reach curves for 1980 and 1990 occur at budget levels of $5-15 million dollars, the advertising expenditure for most major goods and services. The biggest gap between 1990-2000 on the other hand will occur between $15-$30 million dollars, which considering inflation should again be the budgets for most major goods and services. Independent stations and superstations are part of this equation and they are projected to flourish. However, the main point is clear: marketers are going to have to find ways to make up the difference associated with inflation and audience diminution.

As more video alternatives are available, people will become harder to reach. The once captive audience of the 1960's now experiences relative freedom with the tube and in the near future will experience the complete freedom of a videophile.

Zapping: The combination of video choices and the remote control will allow viewers to switch from channel to channel or device to device with relative ease. Undoubtedly, commercials will become more vulnerable to zapping.

Current studies available on the subject of zapping commercials are by no means definitive, but they give us a pretty good indication as to what is going to happen.

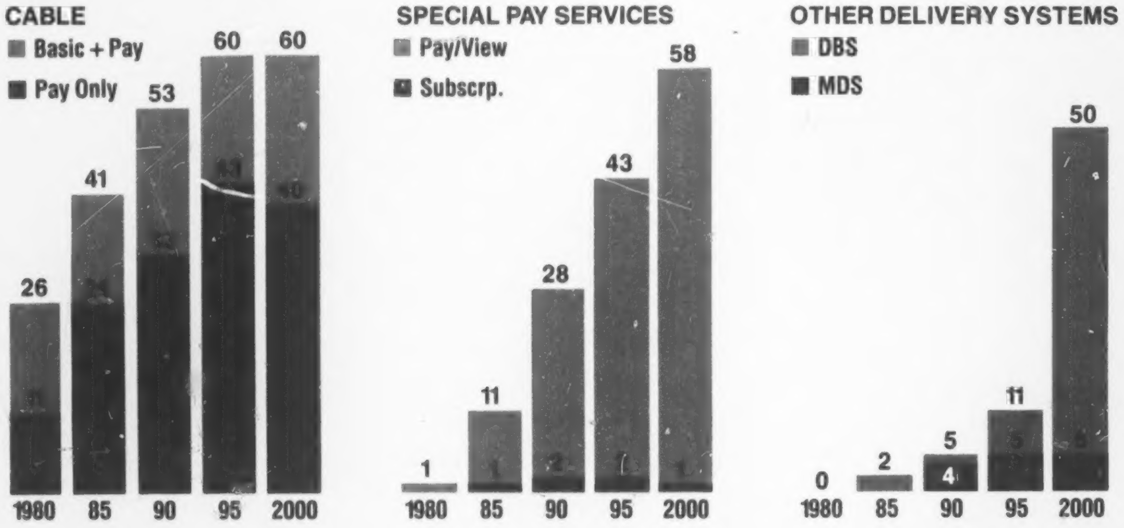
- MRI in 1980 reported that nearly 60% of a program's audience paid full attention to the program material. By 1983 that number had slipped to 51%.
- The *Newsweek* Eyes On Study in 1978 revealed that only 67% of a program's viewers remained in the room at the commercial break. By 1980 this declined to 62%.
- A 1979 A.C. Nielsen VCR study revealed that 50% of people taping an on-air program did not eliminate commercials. By 1983 that figure had diminished to only 25%. Nielsen further disclosed that by 1983, fewer than one in ten viewers who viewed and taped a show actually witnessed the commercials a second time upon the program's replay.
- Two other studies from TV Audience Assessment and Ski Cable in 1982 and 1983 showed that 15% and 14% of viewers respectively switched channels during commercial breaks.
- A recent study from Information Resources, Inc., showed that people zapped commercials 6% of the time. None of these latter three studies dealt with the number of people who left the room during a commercial break or paid any degree of attention.

One thing is quite clear. It is going to be difficult enough to just find ways to have a chance to expose videophiles to commercials. It may be even more difficult to hold their attention.

Introducing the new public: As these new technologies mature, a new public (the videophile) or core buyer group for most products and services will also mature. The core buyer for most goods today is about 35 years of age. Most marketers would prefer to persuade that prospect of the value of their goods before they reach core buyer age, so favorable buying habits are formed. A general communications target age is about 30 or younger. By the time most homes in this country are loaded with the new technologies in the late 1990's, that target prospect is still likely to be about 30 years of age. The catch is simply that they are not today's 30 year old. They are today's teenager. Put another way, today's teenager will constitute the new public. They are already today's videophile.

In order to successfully market products and services using new wave video distribution channels, one should come to better understand this new public. First, they are the children of baby boomers. The Baby Boom generation, that has such a profound effect on our culture, will have passed through the core target group and their children, the new public will take their place. Baby Boomers, because of their sheer size and influence on their children, will still be important to marketers. To understand the New Public, it is wise to review their roots, their parents, the Baby Boomers.

DISTRIBUTION SYSTEMS
% U.S. HH Penetration



Paths to solutions

Synthesizing the future: The first step in making some sense out of this anticipated crescendo of new technologies and the public that will mature with them, is to be able to get a grip on what is going to happen and when. Next, it is important to know when a new technology will reach a degree of maturity that it will interrupt existing and more traditional technologies. Finally, it is important to decide when to begin to really become immersed in the subject to decide whether or not a particular technology should have any place in future communications for products and services.

Cable really began to affect network share levels once it was wired to 27%-28% of homes. Using that as a model and considering that as more and more technologies get introduced, the level of penetration necessary in order to disturb more traditional viewing patterns will get lower and lower. About 25% penetration is the point at which future technologies should become interruptive to the existing video forms.

A smart marketer would really not wait for a medium to reach that level of consequence to become educated to its idiosyncracies. One should really begin to learn about a medium once it has attained about 10% penetration, since the number of years between a medium's rise from 10-25% is not all that long. By becoming concerned about an emerging video form at that early stage and learning and testing as much as possible, it is possible to determine at an early stage whether or not a particular medium is of any consequence to the business success of the brands and services the company is marketing.

Having done this, the marketer can then dispose of those newer forms that do not seem relevant and stake out an important position in those that do.

Caveats and clarity

In a matter of a few years, cable will be joined by other new video forms of consequence. Many will permit commercials. Ultimately though, the success of any new form will depend upon its content, its software, its program matter.

The practitioner should evaluate short- and long-term estimates for the growth of each new medium, its expected audience, the degree and style in which it can be used commercially, projected finances, the prospects for the new entry to be purchased, and most importantly, the kind of software to be presented.

Every new media form is nothing more than a distribution system for programing material. If that material is not acceptable to a sizeable enough number of people, then the medium will simply fail.

PIAGET
E 104
MET

Piaget ad

BRAND REPORT 96:

Jewelry and watches

With economic recovery boosting sales in two recession-resistant industries, 1983 was a good year for jewelers and watch manufacturers, overall. But, although the forecast for 1984 is bright, several problems loom, especially for the watch industry, as it battles a glut of low-end products from the Far East.

It was the best of times, it was the worst of times.

On the up side, early projections based on government figures show an overall modest 4% growth in sales of watches, diamonds and karat jewelry, to a $13.5 billion market. Jewelry store sales alone, estimated by the 1977 retail census to have a 52.7% share of the market, were up 8.4% for the first 11 months of 1983.

But negative pressures, more widespread, may have a greater effect on all three industries. The current relative stability of diamond prices may be a relief to jewelers, but the industry as a whole is on less firm ground. Sales are up on the low end, but most of the prestige houses are being forced to increase their inventories of high-quality stones.

As the price of gold continues to slip

FIRST THREE QUARTER MEDIA EXPENDITURES, 1983

(in millions)

Company	Total	Magazines	Supps	Net tv	Spot tv	Outdoor
Hattori	$ 6,485.7	$ 510.2	—	$ 866.5	$5,092.5	$ 8.5
Lorus	1,699.1	—	—	—	1,699.1	—
Pulsar	1,733.8	4.0	—	750.5	979.3	—
Seiko	3,075.9	505.9	—	116.0	2,414.1	39.9
Loews						
Bulova	1,807.3	—	—	1,795.1	12.2	—
N. Am. Watch	3,104.5	2,055.3	$235.0	—	814.2	—
Concord	1,379.4	636.7	94.0	—	648.7	—
Corum	542.5	469.7	70.5	—	2.3	—
Movado	85.4	85.4	—	—	—	—
Piaget	1,077.2	863.5	70.5	—	163.2	—
Timex	5,980.1	15.9	657.4	4,399.9	906.9	—
DeBeers	11,860.0	6,617.3	—	4,334.1	908.6	—
Int'l Gold	1,282.3	1,278.3	—	—	4.0	—

Source: LNA, BAR

First three quarter expenditures are at best a rough estimate of total expenditures for the watch and jewelry industry, since the seasonality that used to dominate the industry has largely been abandoned. For 1983, economic recovery and independent marketing strategies boosted total expenditures to as high as three times the first three quarter figures.

down, consumers are buying once again. Mike Roman, chairman of Jewelers of America, notes that daily gold prices helped maintain awareness of the precious metal even in the recession.

"Even when the price of gold was at its peak, sales weren't bad. A disproportionate amount of jewelry is bought as gifts, and daily quotes helped establish gold's worth as a lasting value." Even so, some jewelers fear that a continued downward trend in prices may forestall consumer spending, in anticipation of yet further price drops.

But the real bad news is reserved to the watch industry. Technology has turned a once-skilled industry into a battle of the bulk. As usual, the pressure has come from Japan and Hong Kong. Mechanical watches, which accounted for over 40% of the market in 1980, have dropped to an estimated 15% for 1984, while digital watches, most priced under $25, dominate with an almost 50% share.

Economies of scale in digital production have prompted the glut. Last year, Japanese and Hong Kong manufacturers put some 382 million units on the market, about 30% more than the demand for watches in the world. As a result, prices have fallen dramatically, to as low as $2, and some U.S. companies like Texas Instruments, once a major player in digital watches, have beaten a hasty retreat.

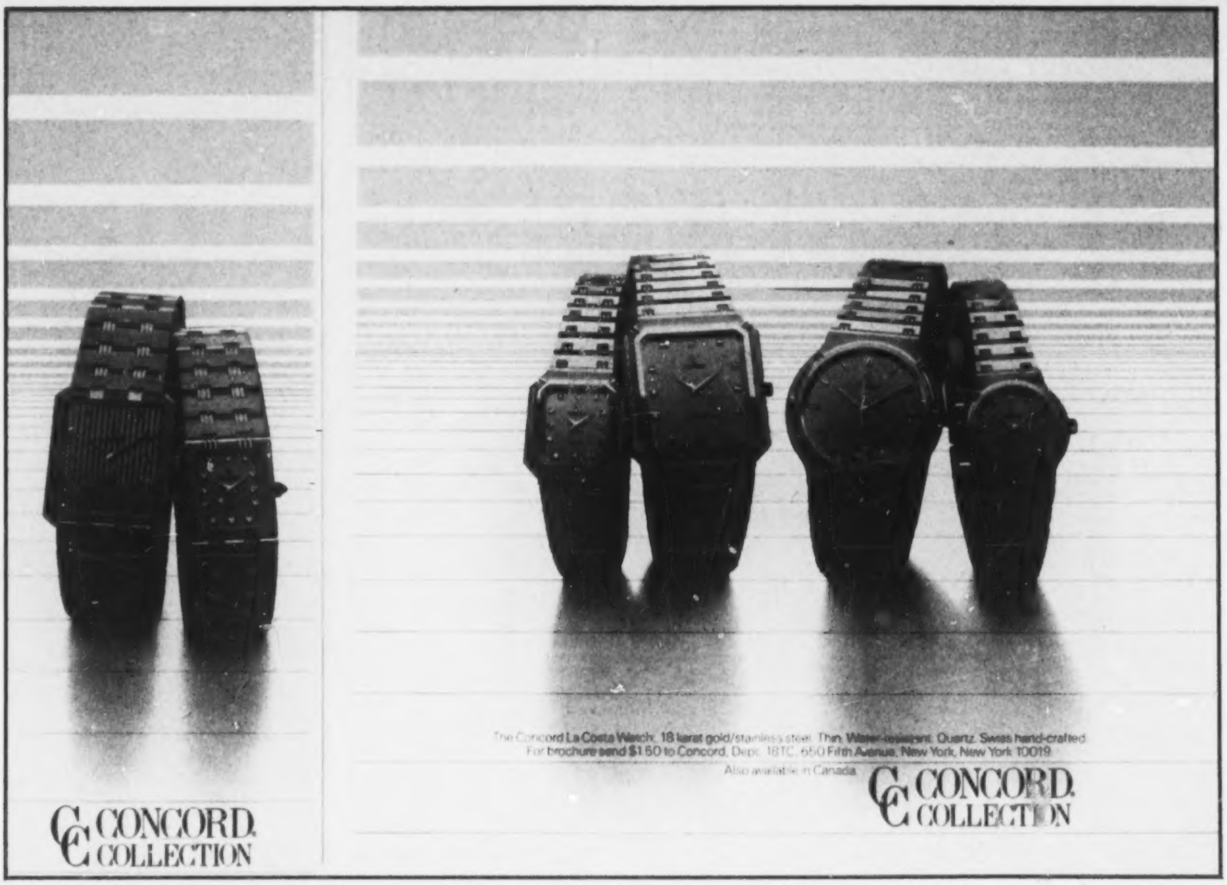
"Everything points to a continued glut," says Roman, who adds that the high volume of utility watches has sharply segmented the market. "There has been a great expansion in outlets for these watches. They're stamped out with a cookie cutter, with no care about where they will go."

Tony Collado, executive director of the American Watch Association, says that the majority of the 140 million units that entered the country last year — about twice the level of American demand — were grey market goods: "Watches sold in this country by unauthorized dealers, containing a trademark but produced overseas to be sold through channels other than the U.S. registered trademark owner."

It might be tempting to think, as Roman does, that a highly segmented marketplace would reduce competitiveness overall. Not so, says Collado. Even though the wide array of watches are sold through different types of outlets to different buyers, even if the average rate of ownership has increased to 3.5 watches per person — the highest ever — the American marketplace is approaching saturation. Some even think the point may be already passed.

Fear, or at the very least concern, has gripped the larger manufacturers. Low-end producers will continue to compete with price wars and competitive discounts, while high-end producers are falling back on the quality of their products.

"The companies that will fall by the wayside first," says Roman, "are likely to be in the middle range. The greatest strength is being seen among the more accepted brands, although it's


CONCORD COLLECTION
The Concord La Costa Watch. 18 karat gold/stainless steel. Thin. Water-resistant. Quartz. Swiss hand-crafted.
For brochure send $1.50 to Concord, Dept. 18TC, 650 Fifth Avenue, New York, New York 10019.
Also available in Canada.
CONCORD COLLECTION

Concord had been running in upscale books, like *Town & Country*, before advertising repositioned the watch to emphasize sporty styling.

difficult to pinpoint where weaknesses lie. But the casualties are sure to be the brands that have no identity with either of the two strong segments, price and quality, dominating the future."

Individual manufacturers have been devising distinct strategies to combat an anticipated high volume of imports. Some of the lesser spenders, like Hamilton, Elgin or Gruen, have been relying more on mail order, while the larger manufacturers are making an effort to build recognition and tighten links with traditional outlets — jewelry stores and jewelry departments of department stores.

Hattori

The Japanese firm of K. Hattori & Co. covers all price ranges with the Seiko, Pulsar and Lorus brands. By far the biggest part of the business is carried by Seiko, which is first in world unit volume.

Even though Hattori manufactures only quartz watches, the three divisions do not compete. Set apart by price, the watches are also marketed and sold distinctly by each division.

David Straus, vp, marketing at Seiko, says the watches, priced between $80 and $300, will not be "too affected by the glut." Seiko has been the leading brand for the past five years because it has concentrated distribution of its watches in jewelry stores and jewelry departments, and maintained a high advertising to sales ratio.

After a level year in 1982, Straus says sales turned around in 1983 and show every sign of continuing to get better in 1984. Since the average price of a watch in 1983 was $177, he is confident that Seiko has its "mass-class" franchise well secured.

Of the $10 million spent in consumer advertising in 1983, 80% went into spot tv, and the rest into print, mostly magazines. Straus describes the target as between 18 and 45, "slightly skewed to higher income levels." Digitals represent a decreasing percentage of the 490 models marketed under the Seiko trademark, while quartz analogs, up to nearly 30% of the total from 10% four years ago, make up 70% of the line. Advertising is so weighted.

Straus notes that the market for watches is becoming broader, both in terms of age range and occasion. "Even in the teenage market, they are buying better products than they used to. We're finding that the tendency toward quality and a love for technology show up pretty early on.

"There's also more multiple watch ownership than there used to be. People tend to buy watches for occasions now — sports, for example, and for dress." Straus notes that this trend has just about eliminated seasonality in the watch industry: where Christmas and graduation used to account for about 80% of Seiko's business, that proportion has dropped to little over 60%.

Pulsar Time was started at just about the time Seiko had fully stocked its authorized dealers. The brand, Pulsar, has just come out with a mechanism calculated to revolutionize the industry: a solor-powered quartz analog watch that can run for up to 48 hours

Retail panelists rate sales prospects

Product Line	Sales Prospects — '84 First-Half			
	Very good	Good	Somewhat good	Poor
Watch Batteries	45.5	40.0	12.7	1.8
Diamond Jewelry	37.7	41.0	21.3	0.0
Repair/Service	30.6	48.4	19.4	1.6
Pearl Jewelry	23.8	38.1	30.2	7.9
Karat Gold Jewelry	22.6	48.4	24.2	4.8
Colored Stone Jewelry	21.0	48.4	27.4	3.2
Watches	13.8	29.3	39.7	17.2
Custom Design	12.5	42.9	35.7	8.9
Watchbands	11.9	25.4	42.4	20.3
Giftwares	6.4	34.0	40.4	19.2
Clocks	6.4	19.1	36.2	38.3

Credit: Jeweler's Circular-Keystone

without exposure to any light source.

Arthur Cohen, president of the company, says that Pulsar's marketing strategy is unlikely to change: "Our customer base is sound and has not been threatened by low-end digitals."

He notes that Pulsar has adopted a "shotgun" approach to marketing, with a broadly determined target of 18-45 in the +$20,000 income range. With models currently priced between $50 and $200, he hopes that the target will be expanded to the +$18,000 range soon.

Media has been principally spot tv, with network interspaced throughout the year at key buying times. In the fall, Cohen says, tv advertising tends to be pretty evenly split between net and spot.

Print accounts for only 10% of the media mix, with a heavy seasonal emphasis on women's books in the fall. In the spring, Pulsar uses *Newsweek* and *Playboy*, "trying to attract the male and gift-giving audience." Media budget has been running at about $7 million for some 500 models, which represents about 65% of the total spent on advertising and promotion.

"The retailers depend on display and co-op, and we've found that an in-store feature is our best advertising."

Lorus is the latest addition to the lineup, only a year old but already accounting for 35% of Hattori watches sold. Vern Louden, vp, sales and marketing for the company, says Lorus has just embarked on a five-year growth plan calculated to differentiate it from its "panic-stricken" adversaries.

Distribution is broad-based, covering outlets from jewelry stores to drugstore chains. Louden says the diversity of the product line reaches into both utilitarian and fashion-oriented interests. "We haven't honed in on one particular area," says Louden, stressing that the below-$55 price range answers a wide array of needs.

Advertising budget for the brand has been increasing at a startling pace, up 50% in 1984 from an estimated $2.5 million in 1983. Louden notes that marketing strategy has focused on media selection.

An eight-month consumer campaign is concentrated in the top 60 spot markets, with some cable thrown in for additional weight. "We don't use print," says Louden, "although we're considering using it in 1985 to reinforce the tv." The main reason to rely on broadcast, he explains, is that the company is "thirty years behind" in terms of exposure. The campaign has been calculated to render 928 grp's in each four-month half.

The consumer campaign is supported, in a sense, by an equally heavy

WATCH SALES

SHARE OF MARKET BY TYPE OF RETAIL OUTLET

(Expressed as a percent of total watch sales)

	1975	1976	1977	1978	1979	1980	1981	1982	Compound annual growth 1975-1979	Compound annual growth 1979-1982
Jewelry Stores	45%	43%	42%	40%	37%	36%	36%	33%	+ 9.5%	+ 4.0%
Catalog Showrooms	24	27	27	29	31	31	31	33	+21.7	+10.5
Department Stores	5	5	6	7	8	8	8	8	+27.8	+ 8.9
Discount Stores	18	17	16	16	16	17	17	18	+10.4	+14.5
Sears, Penney, Ward	4	4	4	3	3	3	3	3	+ 9.3	+ 6.3
Direct Sales	1	1	1	1	1	1	1	1	+18.9	+ .0
Other	3	4	4	4	4	5	5	4	+21.3	+ 7.2

Credit: Zayles

trade campaign, increased 100% over 1983. "We will be covering each trade publication — and there are some 20 of them — four to six times in the year." Strong links with retailers, and an emphasis on service, will help to maintain high growth rates.

Timex

Long the volume leader, Timex Corp. has slipped to fifth place — and that's not the only area that's seen sliding. After an ill-conceived foray into computer marketing, the company has undergone some quick change. The new strategy: to put its weight and strength behind what it had done best: produce and market watches and clocks. More than $100 million have gone into a complete retooling and redesign of the entire line — which doesn't include the investment pulled out from under the computer and health care items.

But if it was a squeeze on profits from low-end watches that prompted the diversification in the first place, can Timex seriously expect to regain lost ground, even with redesigning? Dave Rahilly, director of marketing, certainly hopes so.

"Timex had gotten complacent about its success until a few years ago," he says, adding that the effort to regain its competitive position is reflected in the massive restructuring of the product line — to say nothing

JEWELRY AND WATCH SALES

SHARE OF MARKET BY TYPE OF RETAIL OUTLET

(Expressed as a percent of total jewelry and watch sales)

	1975	1976	1977	1978	1979	1980	1981	1982	Compound annual growth 1975-1979	Compound annual growth 1979-1982
Jewelry Stores	55%	54%	53%	51%	49%	50%	51%	49%	+11.3%	+ 5.4%
Catalog Showrooms	14	15	17	18	21	21	21	23	+25.9	+ 9.5
Department Stores	7	7	7	7	7	8	8	8	+16.8	+ 7.8
Discount Stores	6	5	5	6	6	6	7	7	+14.5	+11.5
Sears, Penney, Ward	9	8	8	8	7	6	6	6	+ 8.2	+ 0.2
Direct Sales	4	5	5	5	4	4	3	3	+13.7	− 5.8
Other	6	6	5	5	5	5	5	4	+ 9.8	− 2.1

PRECIOUS JEWELRY SALES

SHARE OF MARKET BY TYPE OF RETAIL OUTLET

(Expressed as a percent of total precious jewelry and watch sales)

	1975	1976	1977	1978	1979	1980	1981	1982	Compound annual growth 1975-1979	Compound annual growth 1979-1982
Jewelry Stores	72%	71%	67%	65%	61%	61%	61%	59%	+12.1%	+ 5.8%
Catalog Showrooms	15	16	18	20	22	22	22	24	+28.9	+ 9.7
Department Stores	5	5	6	6	6	7	7	7	+25.2	+ 9.9
Discount Stores	2	2	2	2	3	3	3	3	+36.0	+10.3
Sears, Penney, Ward	7	6	7	7	6	6	6	6	+15.7	+ 3.4
Direct Sales	—	—	—	1	1	1	1	1	+49.5	+17.0
Other	—	—	—	—	1	1	1	1	+49.5	− 3.5

DIAMOND JEWELRY SALES

SHARE OF MARKET BY TYPE OF RETAIL OUTLET

(Expressed as a percent of total diamond jewelry sales)

	1975	1976	1977	1978	1979	1980	1981	1982	Compound annual growth 1975-1979	Compound annual growth 1979-1982
Jewelry Stores	76%	75%	73%	72%	69%	69%	69%	67%	+11.2%	+ 4.9%
Catalog Showrooms	14	15	17	19	21	21	22	23	+26.3	+ 9.2
Department Stores	4	5	5	5	5	5	5	5	+14.6	+10.7
Discount Stores	1	1	1	1	1	1	1	1	+10.7	+10.1
Sears, Penney, Ward	4	3	3	3	3	4	3	3	+ 8.9	+ 7.4
Direct Sales	1	1	1	1	1	1	1	1	+41.4	.0
Other	1	1	1	1	1	1	1	—	+18.9	.0

Credit: Zayles

KARAT GOLD SALES

SHARE OF MARKET BY TYPE OF RETAIL OUTLET

(Expressed as a percent of total karat gold sales)

	1975	1976	1977	1978	1979	1980	1981	1982	Compound annual growth 1975-1979	Compound annual growth 1979-1982
Jewelry Stores	63%	61%	57%	56%	50%	52%	50%	50%	+16.4%	+ 5.6%
Catalog Showrooms	16	18	20	21	23	21	22	23	+34.0	+ 6.5
Department Stores	5	6	7	7	9	10	10	9	+36.0	+ 8.9
Discount Stores	3	3	3	4	6	7	7	7	+47.4	+10.1
Sears, Penney, Ward	12	10	11	11	10	9	9	8	+17.8	+ 0.7
Direct Sales	1	1	1	1	1	2	1	2	+56.5	+18.0
Other	1	1	1	1	2	2	2	1	+68.2	+ 9.1

JEWELRY AND WATCHES: SLOWER GROWTH BUT STILL COMPETITIVE

(SALES IN BILLION OF CURRENT $s)

	1975	1979	1982	Compound annual growth 1975-1979	Compound annual growth 1979-1982
Jewelry and Watches	$ 6.2	$ 10.5	$ 12.4	+14.0%	+5.8%
Department Store Sales	$ 61.8	$ 89.2	$ 107.0	+ 9.6%	+6.3%
General Merchandise Sales	$ 78.0	$110.3	$ 131.3	+ 9.0%	+6.0%
All Retail Sales	$588.1	$900.6	$1,075.7	+11.2%	+6.1%

Source: Zale Corp.; Temple, Barker & Sloane Inc. estimates of jewelry and watch sales; "Current Business Reports," U.S. Census Department.

Sales growth for jewelry industry products far outdistanced that for other retail products in the late 1970s. Even in recent tough business years, the jeweler's products have stayed very competitive. Zale research indicates a return to the high growth rate of the 1970s for jewelry store merchandise. When this growth comes in the second half of this decade it will be fueled much more by increased demand than by inflation, as was the case in the 1975-79 period.

of executive changes.

He points to Timex's traditionally superior manufacture of small parts and its high level of awareness among consumers as two strengths that will help the company. "We're really not planning a change in marketing strategy," he says. Budget has been increasing since 1982's $15 million, and may reach twice that in 1984. Tv will continue to be the primary medium, with much of the emphasis on network. Print plays a more important role for some models, especially sporty ones. For women's models, the emphasis is on styling, with ten-second vignettes created to be strung together for :30 spots, or used for :10 news breaks.

While price, as low as $9 for a digital model, has always been a dominant selling point for Timex, the new advertising, which broke on Mother's Day, has been focused on function and styling. "We are going to be addressing price for our quartz models," Rahilly says, adding that these models are a growth area for the company, with a high potential for profitability.

A new move for the company is the introduction of a more expensive watch, a quartz analog priced as high as $120 — perhaps to take a little heat off the lower end, where Lorus has been carving up Timex's market share. The new line will be marketed differently, from its packaging and display, to its advertising. For tv, the watch is being included in the 'Great Watch' campaign Timex has launched, but in print, advertising will appear in upscale publications like *The New Yorker* — "not typical Timex vehicles," says Rahilly. The skew is to a slightly older and slightly more affluent audience than the traditional Timex consumer, but still an audience "that recognizes a good value." Rollout is scheduled for the middle of the year, but the weight of the advertising will be in the fourth quarter, because, Rahilly explains, "this is more of a gift item than an everyday purchase." The watch will be marketed through jewelry and department stores, though potential competitors Bulova and Hattori remain unconcerned about the incursion.

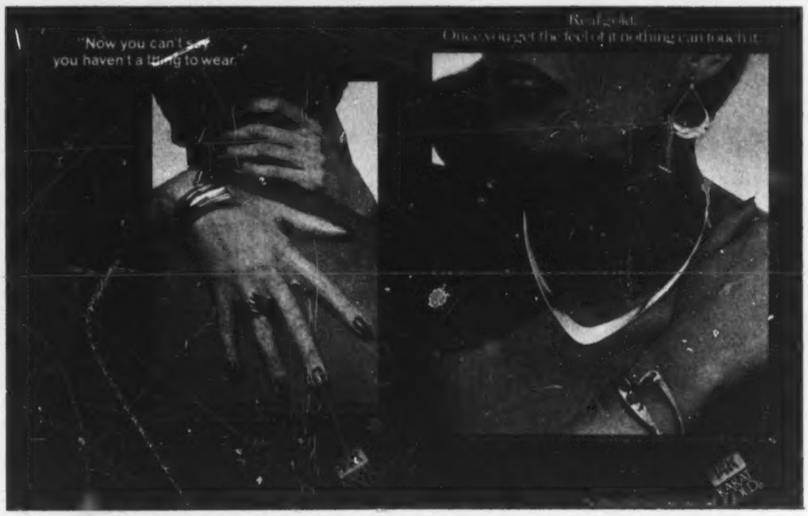
Bulova

Bulova came out of the recession "pretty well," according to Jerry Josephson, vp, marketing at the company, and is now in its best position of the last five years.

But, even with help from its parent, Loews Corp., market share has dropped rapidly, to 2%, within the past decade.

By moving production out of the States and abandoning its digital line, Bulova hopes, at least, to see a profit in 1984.

Although relatively unaffected by low-end price wars, Josephson notes


"Now you can't say you haven't a thing to wear."
Real gold.
Once you get the feel of it nothing can touch it.

Ads by International Gold Corp. stress that "anyone can afford it now," according to Jana Brady, of the U.S. Jewelry division.

that the emphasis on price has turned watches into a commodity, instead of an image item. Bulova is the only manufacturer ready to tackle the problem head-on. Its advertising emphasis will be on the trade this year, in an effort to make the watch-maker the stabilizing force in the industry.

"We feel the major problem for 1984 is to get jewelers and jewelry departments to make a profit on watches," explains Josephson. He says that the mark-up on which these outlets make their profits has been chipped away by forced competitive discounts — which he lays at the feet of Japanese and Hong Kong distributors. Watches are important to jewelers, says Josephson, because they are the only name brand items in the store; they can't afford to be loss leaders.

In a sense, the active trade campaign Bulova is embarking on will attempt to reestablish class lines in the watch industry: "Jewelers make a mistake when they compete with the low-end of the market." The campaign will be marked by heavy use of multiple page advertising in all of the industry's publications, as well as promotions.

For its consumer campaign, Bulova has revamped its old tag line with, "It's Bulova time again." The campaign will run in fashion magazines, to stress styling — 55% of the line is new as of January 1984.

Part of the reason behind the resuscitation of a tag-line familiar to traditional Bulova customers is the target: at 25-50, it is slightly older than the regular watch audience. "We want to appeal to people who are familiar with Bulova — after all, we've been around for 109 years." By 1985, Josephson adds, the company hopes to reach an 18+ demographic, by adding more fashionable models in the Caravelle price range ($50 to $100).

The consumer campaign will be supported by a tie-in promotion that offers rebates to Bulova purchasers, to be used toward travelling expenses. "There will be a separate advertising campaign starting on April 1."

But the main thrust, Josephson stresses, will be to the trade. "We think it's a good idea, given the amount of money the Japanese will spend to grab market share. And research shows that 60% of consumers, despite what the "Buy American" studies show, are uncommitted. Only 40% ask for a particular brand. The other are influenced by point of purchase material, by the salesperson. We're after that 60%, so we're investing with the dealers."

And how much will all this goodneighborism cost? Josephson is reluctant to pin down a figure, but estimates range upward from $5 million.

"We're looking to have a good year," he concludes.

North American Watch

Four brands on the fine watch end come out of this company: Corum, Concord, Movado and Piaget, all of them handled by an in-house agency. Expenditures have risen from $12 million, to an anticipated $15 million in 1984, with the recent addition of Movado.

Each of the four brands has a distinct campaign. "We advertise each product differently, with a different media mix," says Harry Viola, president of the in-house agency, Harry Viola & Associates. "Even if we were to base media selection on demographics alone, the difference in each audience wouldn't be hard to pinpoint."

Movado, at the low end with prices ranging from $200 to $300, is the closest product to a mass item. Viola uses spot tv, mostly news, to reach a mass audience that is more affluent and more educated than the average tv viewer. He says the television part of the plan allows him more flexibility, with room for specials and prime time: "We're looking for the numbers."

Print is divided into two categories: fashion and "intellectual." He notes that the Movado is the only watch included in the Museum of Modern Art's design collection — hence the intellectual slant. Magazines include *Vogue* and *People*, for the first category, and *Smithsonian*, *National Geographic*, *Atlantic* and *The New Yorker*, for the second. "Movado gets very different positioning from any of the other brands," says Viola of his schedule.

Concord, at $900 is targeted at incomes of +$60,000. Positioning has been shifted from simply upscale to focus on sporty attributes. Media has changed accordingly. Television is news and sports. Print is the two newsweeklies, with *Sports Illustrated*, a useful vehicle, since advertising features well-known sports personalities, such as Mark Spitz and Bjorn Borg.

"The Concord is positioned as a sports watch in the copy. We use the personalities to reinforce that with a tag line, 'Makes the bulky watch passé,' that emphasizes the styling."

In ever-increasing price range, the Corum line uses print alone. Two of the models, the Admiral's Cup and Clipper Club, get some attention in special interest books like *Sailing* and *Motorboat*. Tagged a watch for achievement, the line is also featured in business books, with a similar schedule to the highest priced line, Piaget.

Piaget is perhaps the best-known

Achievement has its own rewards.
CORUM.
An Investment in Time
Achievement has its own rewards.
CORUM.
An Investment in Time

"It takes a certain kind of person" to buy a watch with a twenty dollar gold piece face, says Harry Viola of the Corum ads.

name in the high price categories, with ultra-thin models that run as high as $10,000. The target for the brand is household incomes of +$150,000. "No matter what we do in terms of media, we'll have some waste."

Advertising is uniquely print, and concentrated on the fashion books — *Town & Country, Vogue, Harper's,* with some support from business books like *Forbes,* and regionals like *Texas Monthly, LA Monthly* and the New York Times Sunday *Magazine*. Even with sponsorships such as the World Cup for polo, "advertising has been and will continue to be an important part of the whole picture."

Viola emphasizes that the brands are all distinct companies, each with its own sales force and ad budget.

Diamonds

The industry divides the market into three segments: diamond engagement rings, which represent about 10% of the market; women's diamond jewelry, which accounts for an overwhelming 80% of all diamonds sold in the U.S.; and diamonds for men, a relatively new category, but one that has shown much promise in the post-men-can-cry-too years.

It is in the second category that a significant trend has been developing over the past ten years, according to Harkness Cram, senior vp, management supervisor for the De Beers consortium at N W Ayer.

"With the advances in mining and cutting, we've seen a democratization of the diamond. The stones are now available in all sizes, at all price points; they're no longer exclusively for the very rich. And they have been popularized without losing mystique, or their desirability."

Diamond jewelry for women can be subdivided into three groups. Diamond anniversary rings are but a small part of the segment, since they are occasion-specific. The basic gift of diamond jewelry is a category that has grown, especially in the range of commercial grades of the stone.

Diamonds of one carat or more, a segment one might assume to be self-defining, actually has a very precise target audience. About 25% of the women's diamond jewelry budget goes after these women, in the 25-50 range, with incomes over $50,000.

"The bulk of likely prospects are actually in the 34+ range, with incomes higher than $50,000," Cram says, adding that television advertising for this segment of jewelry "doesn't turn off people with more moderate incomes. And we've found that there's a halo effect. The advertising seems to reinforce that diamonds are a highly desirable gift."

Among older, more affluent women, the catch seems to be size. "At that point, it's less a gift of love, than one of status. This isn't a first purchase, but a third, a fourth, a fifth."

Despite the fact that "the dynamics of diamond acquisition soar with incomes over $100,000," Cram says that the diamond industry has been making an effort to broaden its messages. De Beers itself has just initiated a new campaign that focuses on quality, in an effort to educate consumers and potential consumers about the stone.

Not that past campaigns haven't been effective. Cram says that the diamond industry tends to be recession resistent. The dollar volume of diamond jewelry sold at the rental level rose from $5.5 billion in 1982, to "close to" $6.25 billion in 1983, with more pieces sold in that year than earlier.

De Beers itself plays a watch dog role in the industry. An ever-increasing ad budget "helps the industry generate spending for diamonds." Out of a total budget of $26 million in 1983, $22 million went to advertising — the rest, to promotions. 1984 will see a 26% increase in the total, to $34 million, with about $25 million allocated to advertising.

"De Beers' principle responsibility," says Cram, "has been to provide stability." Hence, he explains, some price cutting measures in an effort to reduce inventories of high-quality stones that continue to block complete recovery.

De Beers' own use of media varies by segment, with advertising weight allocated by each segment's relative importance.

The diamond engagement rings are advertised only in print — a more effective way to reach that has continued to be, despite a ballooning divorce rate, a young demographic. For the 500,000 repeat marriages each year, Cram points out, there are 1.2 million first go-rounds. "We acknowledge the repeat marriages in our creative without actually addressing them." He notes that, where the age range used to be 18-24 fifteen years ago, it has risen to 18-34 now.

Magazines range from *Seventeen, Glamour, Mademoiselle,* and the bride books, to *Cosmopolitan* and *Playboy*.

The mix for women's diamond jewelry is evenly split between tv and print, itself covering a broad range of titles. "We don't buy dayparts, we buy programs," Cram says. He describes the buys as "quality-related, upscale and romantic — avoiding gratuitous sex and violence." This characterization covers programing such as the U.S. Open (tennis and golf), football, some specials like *Kennedy*, and some prime time — *60 Minutes* and *Dallas*.

"We also look for markets of opportunity, markets where diamonds are more likely to be bought." These tend to be largely in the sunbelt, in cities, predictably, like Dallas, Houston, Oklahoma City, Atlanta and L.A., "— not because of a population shift, or anything, but simply because the measure of diamond jewelry acquisition is greater there than in more traditional, conservative, and older established communities."

As an example, Cram says that the national average in 1982 showed 9.6 out of every 100 women bought a new piece of diamond jewelry.

In Boston, the index was 6.0%. In Dallas, the highest in the world, it was 13.5%.

Diamond jewelry for men is currently exclusively in print. Acquisition has been increasing, to 2.0% in 1981, up from 1.5% a few years before.

"We find that the trend has been similar to the one for cosmetics — men are more willing to give in to self-expression, to wear jewelry." Vehicles include *GQ*, *Esquire*, *Playboy* and some women's magazines — "the overwhelming percentage is bought by women for their men, especially around Christmas."

Cram says that seasonality varies in each segment, but that it tends no longer to be as pertinent as it had been, except for women's diamond jewelry, 60% of which is bought in the Christmas season.

Despite continued bottlenecks at the high-end of the market, prospects for diamond jewelry sales are very good, according to a survey conducted by *Jewelers Circular/Keystone*. The trade publication found that 78.1% said diamond jewelry was a good or very good sales prospect for 1984, with almost half the sales expected to come from necklaces and earrings. Larger, high quality stones are still expected to be sticky; the most popular price range is below $1,000.

Cram does not seem concerned. "It's a strong business. And the desire to give gifts — and diamonds' share of that does not seem to have diminished over time."

Part of Timex's 'Great Watch' campaign.

Gold

The mood at International Gold Corp., the industry leader, is optimistic, after what Jana Brady, general manager of the U.S. Jewelry division, calls "an excellent year." By Christmas, she notes, sales were 15% to 20% over 1982's holidays and some chains reported an increase of as much as 30%.

Surveys conducted by International Gold indicate that most of the major chains expect the price of gold to remain stable throughout 1984. "This year will be an opportunity to build. The business and economic indices are good. We expect to see a continuation of consumer spending, barring any economic or international crises — unlikely in an election year."

Ad budgets have been increasing steadily since 1982's $3.3 million. Brady, loathe to release a figure, notes that the media budget for 1984 will be double the 1983 allocation. Apart from a co-op program with jewelers and manufacturers for certain name brands like Saks and Kristin Moore, most of the advertising is generic. Brady says that advertising for gold is divided into three segments: adult gift-giving, targeted at men and women; female self-purchase, and men's jewelry. All three groups are in the 25-54 demographic, with household incomes of + $25,000.

"Our media selection differs for each group. *People* is the only magazine in common to all three. For the first group, we use dual audience books, like *U.S. News*, *Food & Wine*, *Atlantic*, *New Yorker*. The second group tends to be more affluent, since you're talking about a single income of + $25,000. We go into fashion and lifestyle books, like for the adult gift-giving segment, but with a female skew. The third group, we advertise to in dual audience books and male skewed ones, like *Money*, *Fortune*, *Forbes*, *Travel & Leisure*."

Brady adds that all three campaigns are supported by advertising in regional magazines in the areas where the research has shown a higher level of gold buying: Boston, California, New York, Philadelphia, Texas and Washington, D.C. "Basically, it's an overlay to our national campaigns."

Patterns in gold buying have been changing, much as diamond purchases have. A stable, favorable price has encouraged consumers to buy more gold. And refined manufacturing techniques now allow a variety of price points, making gold jewelry available to anyone. "Anyone can afford it now," says Brady says, is the growth of the female self-purchase category.

That segment, Brady adds, is grow-with the gift-giving opportunities ranging from Valentine's Day to graduation, and Christmas — are giving way to a year round buying. One reason, Brady says is the growth of the female self-purchase category.

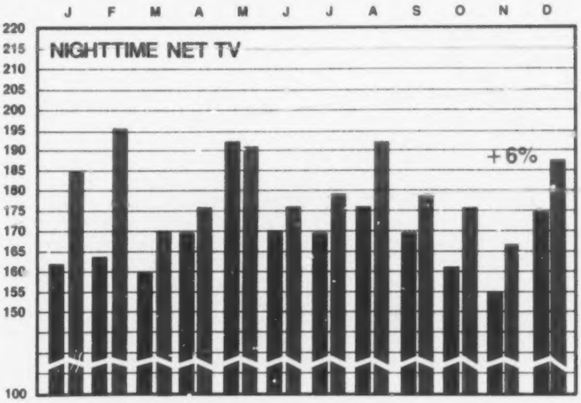
That segment, Brady adds, is growing so fast that it is eroding the 60% share of the adult gift-giving segment. Much of the growth comes from the use of gold jewelry as a fashion accessory. "You're seeing gold more in department stores and boutiques," says Brady.

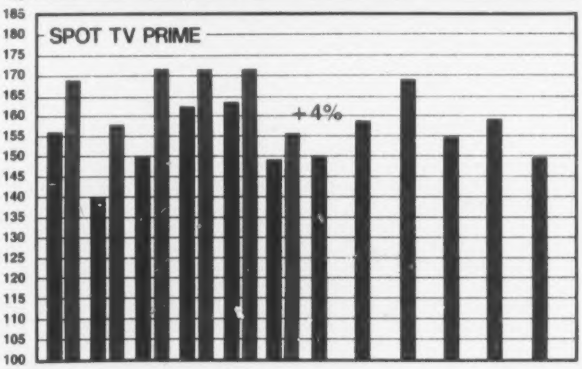
Advertising weight is distributed proportionately, with 60% of the budget behind the adult gift-giving segment, and 40% behind women's gold jewelry. "We have very little advertising for the men's jewelry, and it comes out of a different budget," says Brady. "If it were added to the total, it would represent maybe 10% to 15%, mostly out of the adult gift-giving segment, where there is an overlap."

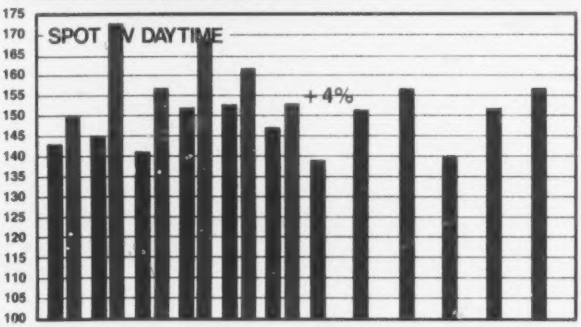
Laura Konrad Jereski

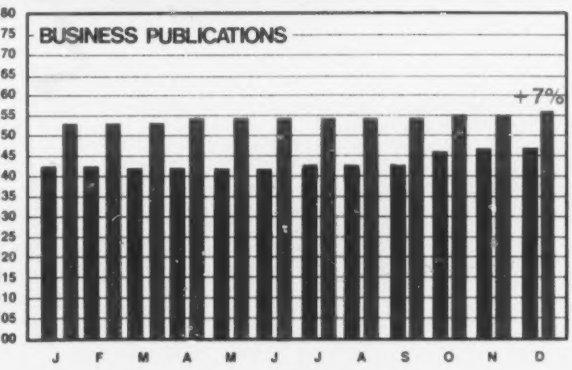
MEDIA COST INDEX

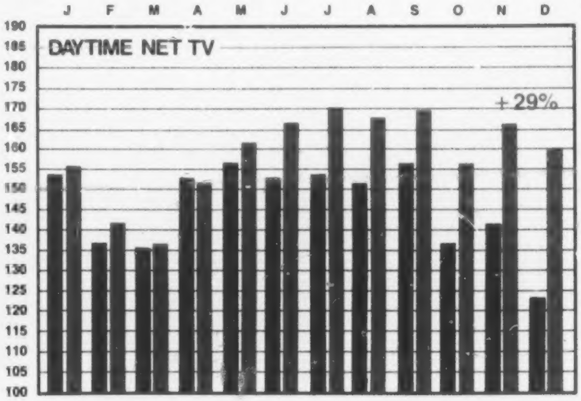
Black bars index for 1982; color bars 1983; base year 1977











The addition of three new network broadcast numbers closes the M&MD cost index for the year 1983.

Nighttime network tv closed with a gain of 6% in the December-over-December readings; **daytime network tv** reported a rate increase of 29% on the same basis. **Network radio** rates were up 5%.

The development of cost indexes for spot tv and spot radio have been interrupted in this series as meaningful cost data have not been available on an on-going basis.

The **spot tv** problem developed when the compiling service, Broadcast Advertisers Reports, expanded its monitor list and also redefined dayparts. This problem, however, will tend to work itself out when third-quarter 1984 data are matched to third-quarter 1983. At the moment, BAR is seeking to come up with an interim figure to at least indicate a trend.

Spot radio remains an enigma; useful data have been lacking for a rather long time. We are continuing to probe into this and will welcome any suggestions from readers or the industry itself.

A slight correction has been made in the **newspaper** index. The month-over-month gain for December should have been 9% with an index of 126 instead of 10% and 123.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

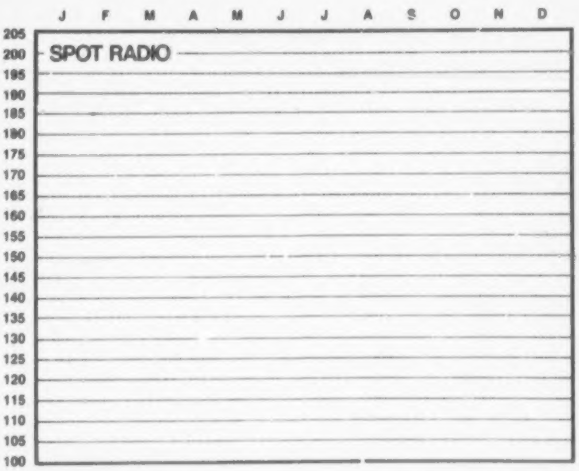
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

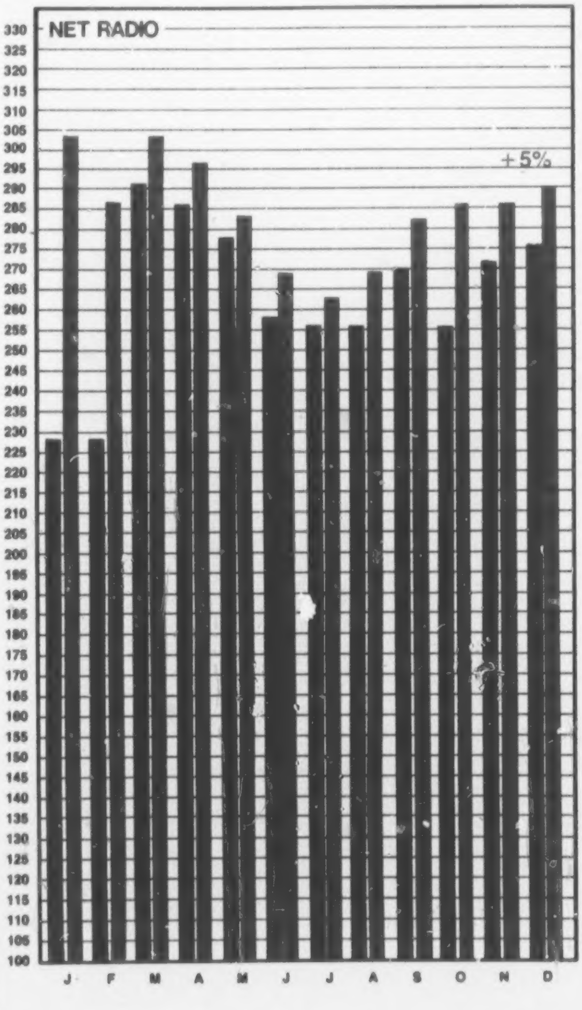
Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

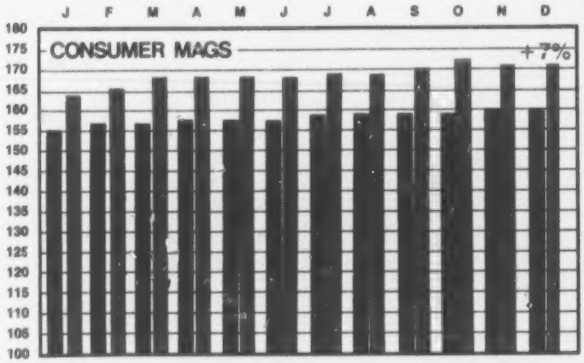
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

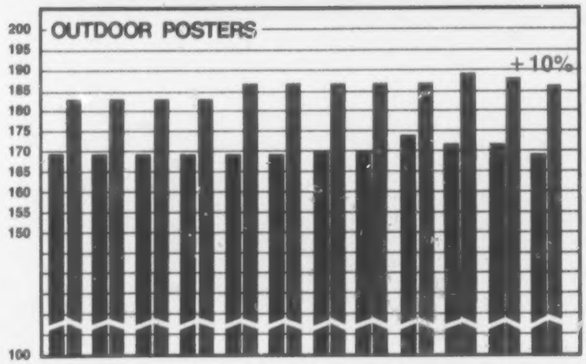
MEDIA COST INDEX (continued)

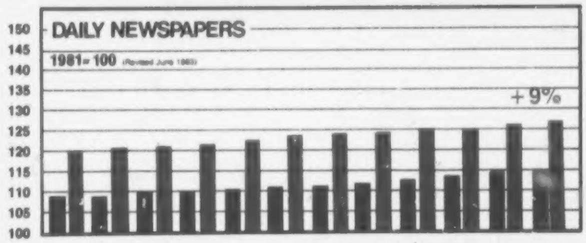
Black bars index for 1982; color bars 1983; base year 1977

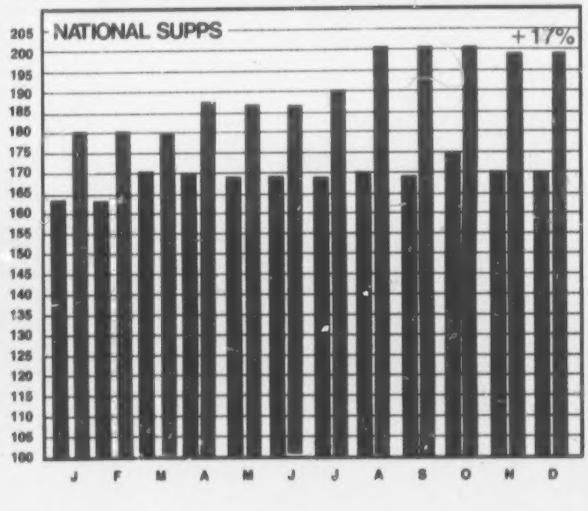




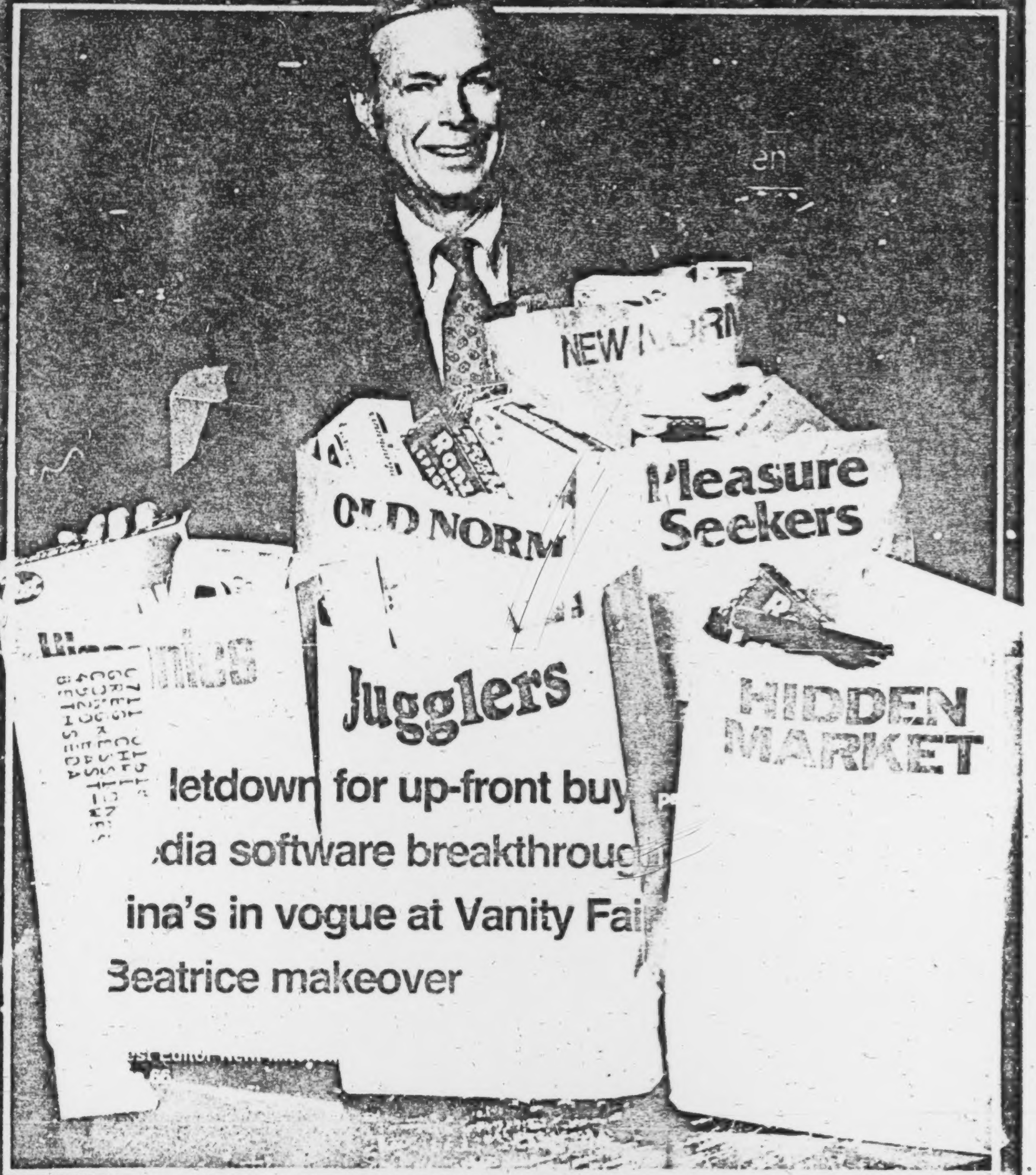








MARKETING & MEDIA Decisions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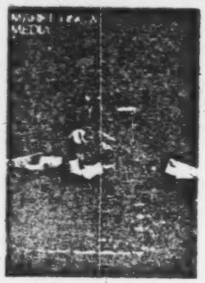

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THE NEW ELECTRONICS

Infomercials score well

The results are in for the 14 brands that participated in the first phase of the national roll-out for the Cableshop, an all-infomercial cable tv service.

All brands, including Kraft, Levi's, Merrill Lynch and Comp-U-Card, showed substantial gains in brand awareness, recent purchase and intent to buy as a result of running commercials during the test in January 1984. The seven test markets are the greater Boston area, New Jersey, the greater Chicago area, Detroit, Los Angeles, Erie, Pa. and Tucson, Ariz.

Each infomercial, which averaged two minutes in length — with some four minute versions as well — produced gains of 19% in brand awareness, increased purchasing by 37% and intent to buy by 30%. More than 1,000 cable subscribers were interviewed by telephone through the research firm, Polaris Research Associates, New York.

As may be expected, Garth Hallberg, general manager of the Cableshop, is delighted with the results. "The measurable positive impact of infomercials is all the more remarkable because it occurred in a cluttered in-market environment," says Hallberg. "It provides not only that consumers like this new kind of television advertising, but also that is has a real impact on their choice of brands."

Eye candy

From the folks who brought us the now immortal slogan, "I want my MTV," LPG PON, agency for Music Television, has come up with a new multimillion dollar ad campaign for the music video service for 1984 — "Too Much Is Never Enough."

The 30-second spot will air yearlong on both cable and broadcast — with the exception of ABC which does not accept advertising for cable services. The tv effort will be supplemented later in the year with print advertising in vehicles like *People* magazine.

The new MTV spots use a technique called "eye candy," which integrates hand-tinted live action animation. Music video's stars David Bowie, The Police, Culture Club, Hall & Oates, Def Leppard and Cyndi Lauper are featured.

Custom cable research to attract political advertisers

Cable, with its ability to narrowcast, is being touted this election year as the medium to reach highly defined audiences of consituents.

And Arbitron Ratings Co. will be offering cable tv systems a new service to help them attract political advertisers. Called Arbitron's Cable Political Profiles, the new service will pull together an analysis of the political make-up of a cable system's subscribers. Through its Marketing Research Services, Arbitron will conduct custom telephone surveys of cable system's subscriber bases. Within three weeks, results will show subscribers political affiliations, extent of political involvement and demographic characteristics — age, sex, education and income levels.

SIN to top $45 million

SIN Television Network projects 1984 revenues will exceed the $45 million mark, compared with 1983's revenue of $37 million. Already for the first quarter 1984, SIN reports advertising sales up 50% compared with a year ago, according to William Stiles, executive vice president of the network.

SIN also says that in the first quarter, six new advertisers signed contracts representing more than $15 million in billings for 1984.

Cable to hit $5.5 billion by 1994

Total annual cable tv advertising billings are projected to exceed the $5.5 billion mark by 1994, according to Paul Kagan & Associates' latest 10-year projections.

According to Kagan, national ad-supported cable will gross about $4.4 billion in ad revenue by 1994, with local cable ad sales generating another $1.3 billion.

For 1984, Kagan forecasts national cable revenue at $434 million, up 43% over 1983's estimated $303 million total. Local cable revenue for 1984 is projected at $80 million, a 59% increase over 1983's estimated $50.4 million.

Cable Billings — A 10-year projection

Year	Ad Revenue (bil.)	Year	Ad Revenue (bil.)
1983	$ .353	1989	$2.238
1984	.514	1990	2.765
1985	.725	1991	3.349
1986	.995	1992	4.045
1987	1.353	1993	4.872
1988	1.778	1994	5.714

* Paul Kagan Associates

FUTURES

The labor outlook: trouble ahead?

An improved economy might give the three million workers headed for the bargaining table this year a greater incentive to strike. The auto, airline, food and transportation industries anticipate trouble from unions, and are prone to taking a hardline stance to worker demands in an effort to curb rising labor costs. A recent poll of 150 executives, conducted by New York-based Goodrich & Sherwood, points to a showdown.

Over 66% of the executives polled said they intended to maintain "a tough posture." The Reagan administration was credited with influencing public opinion in management's favor, a trend these executives say they are eager to continue.

Although only 12% felt that the unions were entitled to participate in the recovery, 92% of those surveyed agreed that the unions were only partly responsible for the problem of increased labor costs.

The sentiment was expressed in terms of having "indulged" the unions by management's poor negotiating and agreement to demands during the recession.

The survey, conducted by telephone, covered manufacturers with union operations in industries ranging from high tech, to retailing, to chemical and rubber companies — almost all of these groups are expected to enter into labor contract negotiations later this year.

At the same time, a survey released by Peat Marwick, an accounting firm, indicated that the 42 investment advisors and economists it polled are predicting continued strength in corporate profits.

Corporate profits are expected to increase 22.5%, way ahead of a strong GNP growth rate (4.9% adjusted for inflation) and commercial real estate investment (10.9%).

Inflation is not expected to increase past 5%, despite the rapidity and strength of the recovery. Last year saw the lowest CPI increase since 1972, 3.8%.

The survey's respondents expect the economy to grow 5.1% in 1984, a figure originally thought to be on the high side but currently in the middle of revised economic projections. Unemployment, which has hung at 7.7% in recent months, is not expected to change significantly this year.

These figures, according to William A. Dreher, the partner in charge of human resources consulting, point to a stabilized recovery that will characterize 1984 as "a slow pace of economic expansion."

Brand loyalty ain't what it used to be

That is the finding of a Gallup Poll study conducted for the Private Label Manufacturers Association. The survey, conducted among 1,104 users of nationally advertised brands, found that 42% of all shoppers switch between national brands in the same product category.

Despite the economic recovery, lower priced store brands are increasing their share; 21% of respondents found that they were less loyal to their nationally advertised brands than they had been a year ago. Quality continues to be the most important factor to 80% of shoppers, while price is the second most important factor, according to 73%.

Although private label sales have increased 50% in six years, most shoppers continue to turn to another nationally advertised brand if dissatisfied with their own. The poll also found that only 21% said they were "strongly influenced" by advertising to buy a national brand. Shoppers continued to demand more quality from nationally advertised brands (91% said it was very important) than from store brands (80%), while favoring store brands over national brands slightly in terms of price (74% to 73%). Shoppers continue to select their supermarkets by four traditional factors (fast check-out; low prices; clean layout; and convenience), rather than by availability and quality of store brands, which ranked fourth.

Factors in buying national brands

	Very important	Fairly important	Not important	Don't know	Total	Number of Interviews
	%	%	%	%	%	
Quality	91	7	1	1	100	(1104)
Price	73	20	6	1	100	(1104)
Coupons	50	23	26	1	100	(1104)
Always buy this brand	37	35	25	3	100	(1104)
Packaging	30	33	36	1	100	(1104)
Advertising	21	31	46	2	100	(1104)

Gallup Organization

Men's cosmetics a growth prospect

The Cleveland-based research firm, Predicasts, ties an increasing market for men's cosmetics to the baby boom generation's passage into middle age.

Products that are expected to see increased demand in an otherwise mature industry from shaving products, to skin moisturizers, astringents and hair colorings. Because the cosmetics industry as a whole has seen minimal pickup in growth following the recession, analysts, including those at Predicasts, expect competition to intensify. This will take the form of increased inducements such as gift with purchase and purchase with purchase. Allan Mottus, a New York-based cosmetics industry analyst, says that as much as 70% of men's cosmetics are currently bought through such promotions.

Predicasts' vice president of marketing services, Fern S. Pomerantz, says that consumers can be expected to trade-up to higher priced products as discretionary income continues to grow — a reversal of a trend established during the recession. Consumer spending (in billion dollars) is expected to increase from 1991.86 in 1982, to 3107.0 in 1987, according to Predicasts.

Cosmetics & Toiletries

ITEMS	1967	1982	1987	1995
Consumer spending (bil$)	490.26	1991.86	3107.0	5995.0
Cos. & toil. shpts. (mil$)	2975.9	10462.8	14500	24650
Shaving products	219.5	744.3	1054	1918
Hair care products	807.3	2478.6	3430	5725
Personal hygiene prods.	932.7	3205.6	4375	7390
Cosmetics, lotions & frag	872.9	3273.8	4635	8035
Hand care pds. & other	143.5	760.5	1006	1582
Price index (1982 = 100)	43.9	100.0	123.2	186.5

Source: Predicasts, Inc., Cleveland, Ohio

Small growth for big ticket items

With interest rates continuing to remain high, and possibly going higher, Chase Econometrics, based in Bala Cynwyd, Pa., predicts that consumer enthusiasm will abate for big ticket items.

Despite a resurgence of consumer spending in the fourth quarter 1983, that has continued through the first quarter 1984, economists predict that pent-up demand will be satiated by the end of the year. "Household purchasing power will remain strong, though income will grow less rapidly," explains Dr. Sandra Shaber, director of consumer forecasting, "and there will be a shift in the household budget."

Home-related items in particular are expected to see a decline, she says, by the summer as the housing market weakens. "The bulk of new homes are starter homes, sold to a younger market which is not necessarily better off than the rest of the population." She notes that furnishings are not a high priority with a younger buyer.

At the moment, she says, there are two contradictory phenomena at work in the marketplace: a relative strength among middle-income consumers for appliances, which she cautions will lessen; and growth of the affluent market in the long term, which will spur growth of upscale products — even appliances that feature "electronics and gadgetry." She points to the record of appliances during the recession, when expensive and low-end lines "held up pretty well," and the bottom fell out of the middle level.

Discretionary purchases, she concludes, will shift to travel ("not necessarily Europe," she says), women's clothing, and similar non-interest sensitive products.

Bigger chunk for direct marketing

That arch enemy of print advertising, direct response marketing, is taking an ever bigger bite into retail, according to the folks at the Direct Marketing Association. Mail-order sales (including telephone) are expected to account for 20% of all general merchandise sold in the U.S. by 1990.

Data developed by the association shows most catalog customers are young parents in the 25 to 34 age category. Unmarried adults in the same age group are second.

As to why direct response has grown so dramatically, a Consumer Reports survey, recently released, gives some answers. Of the sample of 100,000, 32% said they purchased goods through catalogs because the merchandise ordered was not available locally. Another 31% said the convenience of shopping via home catalogs was an important factor. Among the negatives, 60% of respondents said the major disadvantage of direct response purchase was the fact that merchandise cannot be seen in advance and may not always look like it does in catalog photos.

Meanwhile, one industry that is finding its unlikely way into direct response is the heath care business. In testimony before the Federal Trade Commission in April, Irwin Braun, president of Braun Advertising, noted that direct mail is becoming a popular form of advertising for physicians. The reason, he suggests, is convenience.

RADIO

By GARY PRANZO

Senior vp, dir. local broadcast, Young & Rubicam, New York

Radio as a reach medium

Before television, there was radio. It was "the" primary medium. When reach was a prerequisite, radio was given prominent consideration. Too often today, planners think of it only in terms of its support of other media: a complementary medium.

The notion of radio as a support medium is strengthened by its use. There is a prevailing belief among those that plan radio that an advertiser must use a mimimum number of spots on each station. That number may be anywhere from 15 to 50 per week. The logic and philosophy is that different listeners tune to radio, at various times, and the only way to achieve a reasonable reach of one station's audience is to schedule spots to be heard throughout the day. The extreme of this is a classical station explaining that listeners of Beethoven are different from listeners of Bach.

Add to this the second reason which "everyone" concedes as the great attribute of radio: frequency. The point here is that radio audiences are loyal and as a result, are subject to multiple commercial exposure. If this is indeed true, repeating a message 15 to 50 times a week could result in something more excessive than effective frequency. Certainly, both points are somewhat at odds with the notion of primarily buying the most popular stations. I'm not advocating absurdity. Use the proper stations to reach your target. Use different number of spots for different formats. Allow for the audience reach available through daypart and day of the week rotation but don't allow a misguided tradition to force an over-use. I suggest a fresh and unfamiliar view of this medium for today's planners. Radio can be a reach medium.

Let me state the obvious. Radio station audiences are very loyal and most importantly, different, station to station. This means when you add a schedule on station "B" to a schedule on station "A," you get close to the sum of their audiences as a cume. This is not usual with most multi-media schedules where a greater degree of duplication occurs. With radio, this happens each time you add stations in a market, so that, what you have by buying more stations is in effect much more reach than you could expect from the purchase of a few of the top stations. To illustrate: here's what happens to the cume level as you add stations. (See chart A)

In smaller markets the number of stations necessary to achieve desired levels will obviously be reduced.

Another example would be the reach of radio among persons 12+ using 100GRPs and a varying number of stations. (See chart B)

Make this other real advantage of radio part of your planning tenets. Yes, radio adds frequency to an advertising effort, but, by itself, it has a potent reach capability: an overlooked quality in today's cost guided marketplace. ■

B

# Stations	Reach/Frequency
3	36/2.8
7	47/2.1
15	54/1.9

Boston (MSA)

A

Cume Audience Level (Persons 12+)	35%	50%	65%	79%	85%	90%
Boston — # Stations	5	8	12	17	23	25
Portland, O. — # Stations	5	7	11	15	17	20

(Y&R Estimates: 12 spots over 1 week)

CABLE

By BARRY KAPLAN

Vp assoc. dir., media information & analysis, Ted Bates

The Ted Bates 5% "cable" solution-update

In 1981, Bates recommended (to most of our clients) that a small portion (roughly 5%) of prime time network tv budgets be diverted to "superstations," primarily WTBS. The rationale for this recommendation was based on an examination of published Nielsen audience data which documented that prime time network tv was "under-delivering" the important (and rapidly growing) pay cable segment of the tv universe *and* a "customized" Nielsen computer analysis (designed by Bates utilizing May 1980 viewership data) which indicated that diverting a small portion of the prime time network tv budget to "superstations" would correct this imbalance.

Since pay cable penetration has more than doubled (up 135%) in the almost four years since our "landmark" study and given the proliferation of advertiser-supported cable networks during this same time period, we felt it was time to provide an updated report focusing on:

- A review of pay cable growth and recent trends in viewing patterns of pay homes.
- 5% solution updated: current approach.

Pay cable penetration is at all-time high but rate of growth has slowed. Exhibit I indicates that pay cable penetration has almost doubled in the four years since Nielsen began tracking

EXHIBIT I

Trend of cable penetration (% U.S. tv HH)

Date	Total Cable	Pay	Basic
November 1979	26	9	17
November 1980	31	13	18
November 1981	36	18	18
November 1982	40	23	17
November 1983	44	26	18
December 1983	44	26	18

Source: Nielsen Cable Status Report

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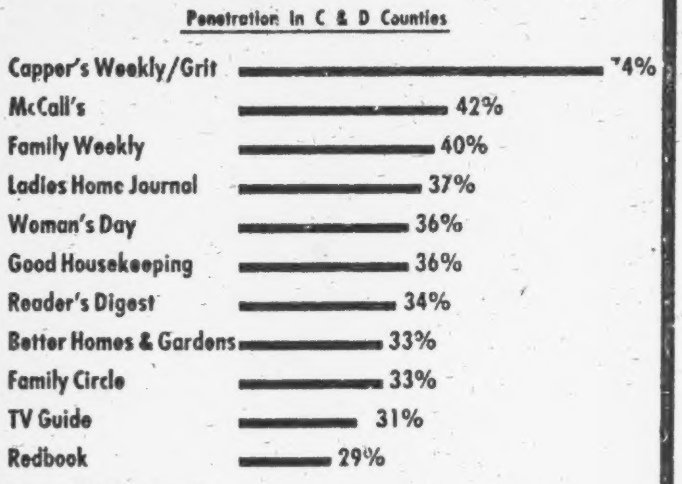

Source: ABC FAS-FAX 3-31-83

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these data, and it's apparant that virtually all the increase in total cable penetration is due to the growth in the "pay" segment of the cable universe. Obviously, the availability of current, un-cut, commercial-free movies and entertainment specials has been a key factor in the decision for many households to subscribe to a cable service. It's also quite apparent that the rate of growth for cable (and pay cable) subscriptions has slowed dramatically.

Prime time viewing of cable programing is up, yet network audiences have (temporarily?) stabilized. While the above statement appears to be somewhat contradictory, examination of the data provided in Exhibit II confirms this analysis, and there are a number of factors which have contributed to this phenomenon. Number one, while tv usage has barely changed in non-cable households (up less than 1%), viewing is up 6% in the pay cable universe. A similar pattern emerges when network performance is analyzed, with ratings up 2% and 11% respectively in non-cable and pay cable homes.

Ironically, audiences for cable have also increased over this same time frame (within the pay universe) with pay programing up 9% and the advertiser-supported channels up a whopping 37%. However, it appears that the absolute growth in cable rating points (+2.9) among pay homes was offset to a great extent by a loss for superstations and "distant" independents (2.0).

In November 1982, Nielsen revised and improved the reporting criteria in their Cable Status Report. Thus, the November 1983 report provides us with our *first* opportunity to examine a year-to-year trend on *comparable* data. In addition, November viewership data have traditionally been used to represent overall fourth quarter usage patterns.

However, before we jumped to any conclusions about new directions in viewing behavior, we felt it would be prudent to examine additional data. Fortunately, the December 1983 Cable Status Report was recently released, and we analyzed these data in the same manner as we did with November. (See Exhibit III.)

EXHIBIT II
% AVERAGE AUDIENCE — PRIMETIME

	Non-Cable Households			Pay Cable Households		
	Nov. '82	Nov. '83	Change	Nov. '82	Nov. '83	Change
Usage (HUT)	60.1	60.5	+ 1	67.2	71.4	+ 6
Broadcast						
Network Aff.	52.7	53.8	+ 2	43.5	48.1	+ 11
Public	2.8	2.6	− 7	2.0	2.0	—
Local Independents	6.3	6.5	+ 3	4.6	4.6	—
Distant Independents	.6	.5	− 17	3.0	2.1	− 30
Cable						
Superstations				3.8	2.7	− 29
Advertiser-Supported				4.9	6.7	+ 37
Pay Service (3)				12.5	13.6	+ 9
Total (Gross)				74.3	79.8	+ 7
Multi-Set Usage				7.1	8.4	+ 18

Source: Nielsen Cable Status Report

EXHIBIT III
% AVERAGE AUDIENCE — PRIMETIME

	Non-Cable Households			Pay Cable Households		
	Dec. '82	Dec. '83	Change	Dec. '82	Dec. '83	Change
Usage (HUT)	61.1	60.7	− 1	67.2	69.8	+ 4
Broadcast						
Network Aff.	53.6	53.9	+ 1	44.8	45.6	+ 2
Public	2.9	2.8	− 3	2.3	2.6	+ 13
Local Independents	6.3	6.3	—	3.8	4.2	+ 8
Distant Independents	.6	.5	− 17	2.5	2.1	− 16
Cable						
Superstations				3.1	2.9	− 6
Advertiser-Supported				5.3	7.8	+ 47
Pay Service (s)				12.7	13.1	+ 3
Total (Gross)				74.6	78.3	+ 5
Multi-Set Usage				7.4	8.5	+ 15

Source: Nielsen Cable Status Report

EXHIBIT IV
PRIMETIME
% CHANGE COMPARISON — NOVEMBER DECEMBER ('82 vs. '83)

	Non-Cable Households		Pay Cable Households	
	Nov	Dec	Nov	Dec
Usage (HUT)	+ 1	− 1	+ 6	+ 4
Broadcast				
Network Aff.	+ 2	+ 1	+ 11	+ 2
Public	− 7	− 3	—	+ 13
Local Independents	+ 3	—	—	+ 8
Distant Independents	− 17	− 17	− 30	− 16
Cable				
Superstations			− 29	− 6
Advertiser-Supported			+ 37	+ 47
Pay Service (s)			+ 9	+ 3
Total (Gross)			+ 7	+ 5
Multi-Set Usage			+ 18	+ 15

Source: Nielsen Cable Status Report

Our next step was to compare the audience change we uncovered in our analysis of the November ('82 vs. '83) Cable Status Report with those of December ('82 vs. '83). See Exhibit IV.

It appears that among non-cable homes (56% of U.S. tv HH) the minor audience changes (versus a year ago) we noticed in November '83 were replicated in December '83. We should note the 17% drop in distant independent viewing is probably not of importance.

Within the *pay cable* universe (26% of U.S. tv HH) however, viewing to distant independent stations appears to be down significantly, probably due to a considerable number of cable operators cancelling carriage of these station as a result of last year's Copyright Tribunal ruling. Nevertheless, the increased fees charged for imported distant signals do *not* explain the drop in audience for the three superstations (WTBS, WOR, WGN) since their coverage of U.S. tv households has risen slightly since the ruling went into effect.

On the other hand, the growth of audience levels for the advertiser-supported cable networks (ESPN, CNN, etc.) appears to be "real." This increase is directly related to significant growth in their coverage, most of which occurred when cable operators, eager to fill unused channel capacity created by their jettisoning of distant broadcast signals, turned to cable-originated programing. Note: cable programing was *not* affected by the "Copyright" ruling.)

It does appear that either the viewing habits of these "pay" homes are more volatile (on a month-to-month basis) or data produced from the smaller sample base (vs. non-cable) are exhibiting greater statistical "bounce." Most likely it's a combination of both factors. Obviously, the large increase in network audience which occurred in Nov. 1983 was not sustained in Dec.

Of course we all know that November is a "sweeps" measurement period and as such subject to extraordinary programing maneuvers by the three broadcast networks.

This leads one to the obvious conclusion that viewers choose programs based on perceived entertainment values with little regard for the media vehicle from which they emanate (network, indies, pay, cable.)

Of course the pay services engage in a little "hypoing" themselves during "sweeps" periods, scheduling blockbuster movies to compete with network mini-series. Additionally, multi-set usage is also up significantly.

The Bates 5% cable solution — the need for corrective action is as acute today as it was when first implemented — but we now have more options. As stated earlier, when we recommended to clients that they divert a small portion (5%) of prime time network funds to "superstations," it was due to network's shortfall in the important (and growing) pay cable universe. The importance of these homes was underscored by their demographic profile, which when compared to total U.S., was likely to be:

- Headed by younger adults,
- More affluent,
- Larger (more children and teens).

In other words, they were the best prospects for most package goods and upscale-oriented products. And they still are, even though penetration has grown to over a quarter (26%) of all television households. Exhibit V illustrates that, despite the phenomenal growth experienced over the past few years, the quality demographic profile of pay homes has not been diminished.

In addition, despite the apparent "leveling off" of network erosion, a close examination of Exhibits II and III reinforces the need for corrective action. During both the November and December '83 measurement periods, network performance in pay homes was 11% and 15% (respectively) lower than in the non-cable tv universe, indicating that the "underdelivery" problem still persists.

When we first recommended that "superstations" be used as our vehicle for correcting network underdelivery in pay homes, it was because they were the only advertiser-supported, cable-specific (especially WTBS) media which were "rated" by a syndicated audience measurement service. However, since that time, a number of networks (e.g. ESPN, CNN, USA, CBN, MTV) have been measured by the Nielsen national meter sample and are now sold on the basis of those ratings.

In addition, we have examined various special analysis (produced by Nielsen) which provide us up-to-date cable network (and superstation) performance within the *pay universe*, thus enabling Bates to "fine-tune" our cable buys to insure adequate delivery to pay cable homes. As a result, a combination of these networks (plus WTBS) are now used as part of the Bates "solution," and the data now reported by Nielsen for November and December 1983 suggest these modifications were "right on." ■

EXHIBIT V INDEX OF SELECTIVITY — TOTAL U.S. VERSUS PAY CABLE HOUSEHOLDS

	Adults In Total U.S. Households	Adults In Pay Cable Households
Age		
18-34	100	118
18-49	100	121
25-54	100	124
Annual HH Income		
$50,000 +	100	137
$35,000 +	100	141
$25,000 +	100	133
Family Size		
1 or 2	100	71
3 +	100	120
4 +	100	126
5 +	100	121
Presence of Children by Age		
0-6	100	116
0 11	100	120
12-17	100	130
0-17	100	126

Source: 1983 Fall MRI

A segmentation approach to the market

A strong research orientation is needed to bring any meaningful segmentation to the black and Hispanic market, according to Orrin Benn, president of Consumer Pull Marketing. Focus group and resident expert strategies aren't enough to deliver results, he argues.

Packaged goods marketers who are adept at growing market share and building brands through market segmentation find themselves increasingly stymied when it comes to developing the vast potential which lie in the black and Hispanic markets. The fact that the black and Hispanic markets together represent $235 billion annual purchasing power clearly provides the motivation, but why the dilemma? Why aren't marketing managers finding equal success in their efforts to reach black and Hispanic consumers?

Two facts stand out. First, segmenting ethnic markets is a relatively new marketing development. Previously, ethnic groups have been included in general population groups such as all males or females of a particular profile — but not ethnic groups. Additionally, the unfamiliarity of senior marketing management and brand managers with the unique cultural values and life styles of blacks and Hispanics has left them unsure of what action to take and unwilling to commit adequate budgets to find out what works and why. This has resulted in an abandonment of the hard nosed disciplines of the general market and the frequent adoption of a series of soft bewildering approaches which in turn has lead to further bewilderment at the mixed results obtained.

Indeed the most common approaches used by marketing managers to develop an ethnic market segment have most often been characterized by:

- Reliance on soft research data.
- An assumption that the black and Hispanic markets are as homogenious as the white market.
- The belief that general advertising campaigns can be just as effective against black and Hispanic market segments.

These approaches have not been successful because they have failed to adequately consider that a white, a black and a Hispanic consumer may make identical purchase decisions, but with completely different purchase motivations because of culture, class values, perceptions and economics.

What does work?

The primary approach to the black and Hispanic market must be reach oriented

Very little quantitative research has been done on black and Hispanic consumers. As a result, there is a marked reliance on focus group studies and the expert opinion of the resident minority in making marketing decisions. The best that can be gleaned from such an endeavor is an unsophisticated directional approach toward development of a massive dollar opportunity. And because focus group studies and local expert opinion offer little or no quantitative insights to questions on awareness, trial usage, imagery and purchase intent, marketing managers are awash in a sea of foggy perceptions and hazy focus. They are unsure of the size of the black and Hispanic markets, its importance to brand share and category development and the vast opportunity it might represent for their brand. This situation generally results in an underallocation of budgets toward the development of an ethnic segment and a reluctance to increase spending due to uncertainty in forecasting the returns.

A more productive approach would be to undertake a research scan of the product category or categories involved to determine their importance to the black and Hispanic markets. Based on these results, the marketing manager could then initiate a more detailed research analysis which would lead to the establishment of clear-cut goals, strategies and action plans. With this approach, the marketing manager would no longer have to operate on a loose hit-or-miss basis, but could implement the same tightly disciplined, informed approach used successfully in the general market toward development of these segments.

For example, unpublished data obtained from the Wellington Group, a market research firm specializing in the black and Hispanic markets, indicate significant differences in black and Hispanic consumption volume patterns vs. the general population in a number of categories. . .

When one considers the fact that black and Hispanic families are usually larger than white families and the median age of blacks and Hispanics are also significantly younger (31 years for whites vs. 25 for blacks and 22 for Hispanics) than those of white families, the following data would make a strong case for increased promotion and advertising spending in these ethnic market segments. However, this has not been the case. Advertising spending against ethnic consumers in these categories has been infinitesimally small.

Black and Hispanic Purchasing Differences
% Change vs. White Respondents

	Black	Hispanic
Produce	+8.1	+8.5
H&BA	+30.5	+41.5
Baby Products	+27.9	+51.3
Breakfast Foods	+12.0	+11.7
Frozen Foods	−1.9	−16.0
Pet Foods	−54.5	−42.9
Bakery	−4.0	−6.0
Fruit Drinks	+25.5	+12.1
Canned Fruit	+8.3	+5.0

Source Wellington Group

The marketing manager who recognizes the importance of black and Hispanic consumers to his product category and who pursues a clearly defined advertising strategy to reach this market segment will not fail to gain share over his competitors. A case in point is toothpaste: SMRB indicates that Crest is the number one toothpaste in the U.S.A., yet Colgate is the number one toothpaste in black and Hispanic markets. Part of the reason for this is that Colgate is number one in Third World markets. Prior awareness gives it a competitive edge with immigrants. This prior awareness, however, has been reinforced by Colgate advertising specifically targeted to reach new arrivals in this country while at the same time appealing to blacks and Hispanics who always lived here.

Black and Hispanic markets are not as homogenious as the white market

Another crucial consideration which marketing managers fail to note when developing strategies for black and Hispanic markets is the fact that there tends to be significantly less homogeneity within black and Hispanic markets than there is in the general market, and a rifleshot approach is necessary for success. According to a 1981 Bureau of Census report, 30.8% of black families live below the poverty line vs. 8.8% for whites. Median income for black families in 1981 at $13,266 was 56% of the white median which was $23,517. Thirty-nine percent of whites, age 25 and over, attended college compared with 22% blacks and 20% for Hispanics. These numbers signify a market apart from the general market. A market which is more stratified than homogenized.

On top of this, add cultural, intracultural and lifestyle differences and a truer picture emerges. A Cuban is as different from a Mexican as a Puerto Rican is from a Columbian. Recognizing these differences, which go beyond speech patterns, is as important as understanding the similarities which unite them. In the case of blacks, class, value perceptions and imagery frequently transcends economic abilities in determining buyer behavior. Consequently, despite lower disposable incomes, blacks are heavy consumers of branded consumer products and high ticket luxury items.

How does one explain the heavy purchase of expensive domestic cars by blacks? How does one explain the heavy consumption of expensive cognacs by blacks? The heavy consumption of Scotch by Cubans? Recognizing inter- and intracultural differences of blacks and Hispanics and how they vary from the general population is what is important for success. This is not to suggest that marketers must carve out individual strategies for each sub group, rather it is to suggest that strict reliance on demographics is not an adequate measure when it is applied to the ethnic market.

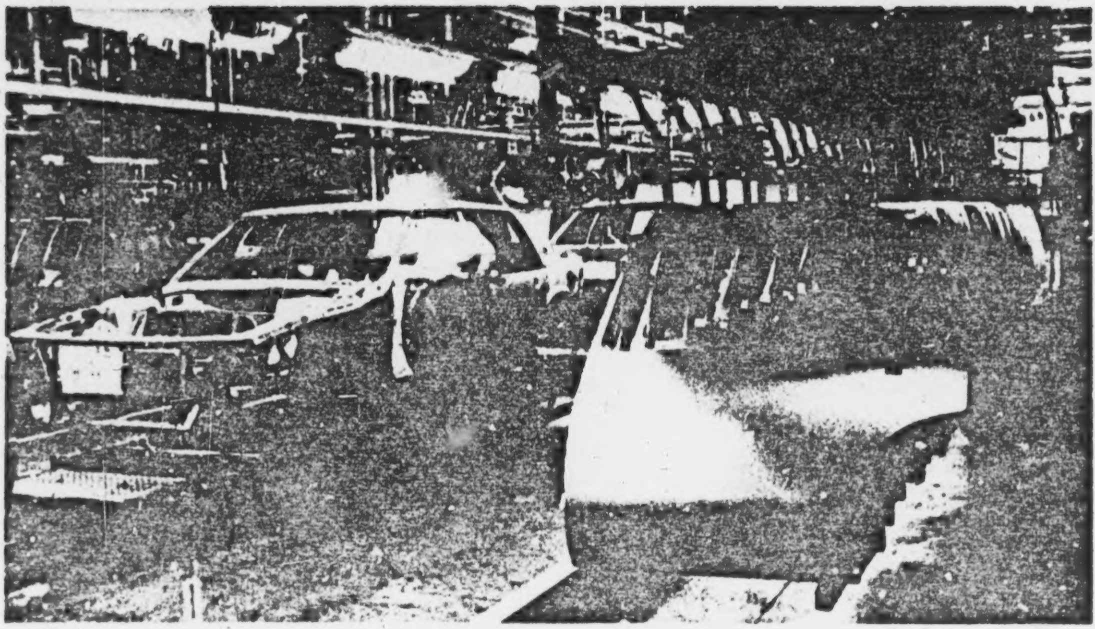
A finely tuned psychographic profile is essential. Marketing managers must develop a keen understanding of the interactions of cultural and socio-economic factors which ultimately lead to a pattern of buyer behavior by blacks and Hispanics. A pattern which is quite often different from whites who are in similar socio-economic level.

A belief that general advertising campaigns can be just as effective against ethnic market segments

Because consumer goods companies have for years enjoyed significant black and Hispanic franchises without a strategy or commitment to develop those franchises, it has always been assumed that general advertising campaigns were equally effective against both white and ethnic markets. Recently, however, there has been a new development. Some marketing managers have discovered that it is easier to gain share by segmenting black and Hispanic audiences in advertising as opposed to increasing their general advertising coverage which might already be saturated to the point of producing marginal share returns. While it might not be appropriate to segment every general advertising campaign by ethnic audience, marketing managers should be more aware of the competitive advantages inherent in that approach.

In today's environment blacks and Hispanics are much more aware of their political and economic strength as a group. They have been conditioned to expect parity in all aspects of life, and as a consequence, those brands whose message is targeted directly to the black and Hispanic consumer will stand out and gain a greater measure of acceptance in the ethnic market than other brands in the same category which do not pursue ethnic advertising campaigns. The same is true for sales promotion campaigns specifically targeted at black and Hispanic audiences.

There is an underlying feeling of brand loyalty among ethnic consumers; they reward those brands which specifically identify them in their marketing approach with their purchase. And in today's competitive market environment, a brand's success will be directly related to its ability to maintain its current consumers while attracting new users. I am suggesting that far too many marketers are missing out on the tremendous opportunity which the black and Hispanic markets present for competitive share gain. The smart marketing leaders who see and seize this opportunity now will carve out a profitable market share niche which will be expensive for competitors to dislodge in the future.



BRAND REPORT 97

Automotive

Domestic manufacturers are looking forward to a banner year, as import restraints put a damper on import sales. But problems loom on the horizon, as interest rates remain stubbornly high and labor itches for a bigger piece of the recovery pie.

New car sales are projected to vroom to 10.5 million units this year, up from the thirty-year low of 7.7 million units just two years ago. Growth is being fueled from several areas: new entries into the market as well as repurchasers Once again, consumers have confounded Detroit: tastes, thanks to the recovery, have turned to larger cars. Meanwhile, the automakers have been focusing on developing small car lines and downscaling larger models. Strong demand for large and sporty cars, combined with the challenge of moving the less popular small, fuel-efficient models, will boost advertising expenditures in 1984 — though not at the 25% average increase rate seen for 1983.

Network television was the big winner in 1983, with increased expenditures in the medium not entirely accounted for by increases in unit cost. A flurry of new product activity is likely to maintain high levels in the medium this year. Magazines also fared well since most manufacturers have concluded that segmenting against new prospects represents the most likely route for growth.

Several problems, however, loom over the car industry. The strength of the economic recovery has led economists to revise interest rate forecasts. If interest rates rise significantly, as some are predicting will happen in the third and fourth quarter, car sales may turn sluggish. This could be especially true on the low-end models, as buyers of these autos tend to be more susceptible to economic fluctuations.

Prices have also remained artificially high, since demand is currently running ahead of supply. This is affecting Japanese car dealers as well as American manufacturers: while demand is so strong that domestic manufacturers are no longer losing sales to the Japanese, the Asians are taking advantage of the production limits set under import restraints to jack up prices. Under this "controlled market situation," says J. David Power, of J.D. Power & Associates, a consulting firm, domestic manufacturers have been able to recover "a handsome profit" over the past eight months that will affect the 1984 bottom line as well.

However, new car prices, now averaging about $11,000, will keep low and middle income buyers out of the market — and those buyers are needed to sustain high volume. Passenger car sales are not expected to surpass the historic 1978 peak of 11.1 million units until 1987. Unless manufacturers can sustain the current momentum, 1984 profits may be more a reflection of prices than sales. Even the proposed introduction of 'mini' cars, slated for spring 1985, may not be enough to interest low-end new car buyers. These models, smaller than any currently available in the U.S., will be priced between $4,500 and $5,000, only slightly less than some subcompacts.

Consumer demand for larger models poses another problem for domestic manufacturers. John H. Hammond Jr., director of automotive services for Data Resources Inc., says that Detroit will have missed fuel economy standards by "huge amounts" in 1983 and 1984. While accumulated credits forestalled penalty payments in 1983, he estimates that GM's 1984 penalty may be as high as $300 million, and pegs Ford's at $100 million. Chrysler's problem, he notes, is the opposite: "It doesn't have a strong large car line-up, so it has less flexibility" to follow consumer trends.

The auto recovery could also be stopped short by the labor situation: labor wants a bigger piece of the recovery pie, and manufacturers are striving for a better competitive stance, which indicates that there is a "very good chance of a strike" in the fourth quarter, according to Hammond. "Both sides have a big incentive to hard line it." While the net impact on sales over the 12-month period would be minimal, consumers usually switch their buying preferences away from the on-strike company.

So far, the proposed joint venture between GM and Toyota has met with little resistence. After decrying the move as anti-competitive, the other domestic manufacturers are scrambling to hatch similar cost-efficient setups. Power says such deals would pose a marketing challenge to all manufacturers. "Over the next two to three years, we'll see a blurring of the import car's image. Consumers will be confused about what an import is, as we're already seeing with the Renaults and Hondas built here. Much of Toyota's high reputation is linked with the awareness that it is an import from Japan." In the future he says, "vehicles will have to stand on their own merits. We can expect to see a shift from corporate image advertising, to more specific product advertising."

The final picture is of a deceptively healthy year for the auto industry. Uncertainty dogs manufacturers, who hope that partnerships with importers will at last grant them the flexibility to follow fickle consumer tastes more closely.

GM

General Motors started 1984 with a bang. New car sales for the first two months of the year, traditionally the slow period in the industry, rose 39% to 718,000 units, indicating that GM will probably top its 1983 volume total of 4.1 million cars. The company has

The Plymouth Horizon, one of the cars Chrysler may replace by agreement with Mistubishi, gets performance-oriented advertising in an effort to get a younger audience.

Introducing the 5/50 Plymouth Horizon for 1984. Match it! (If you can.)

Advertising for Ford's new aerodynamically designed cars stresses technology, as in this ad for Ford division's Tempo.

The new '84 Ford Tempo.
Technology never felt so comfortable.

also gained share, to 45% of all passenger car sales, up from 44% in 1983.

It's been a heady year for GM, which some analysts believed was three years behind Ford in "turning things around." But turn them around it has; first with a reorganization scheme announced in January, and more recently, with a proposed partnership with Toyota that will cut costs on low-profit small cars.

Since the reorganization of the company — from the current five divisions into two, one concentrating on small cars, the other on larger models — is still being worked out, marketing plans for 1984 and for the 1985 model year are being designed by the individual divisions.

Chevrolet

This is the division at the heart of the proposed joint venture. GM discovered that it could replace its rear-wheel drive Chevette with a Japanese-built model for $2,000 less per car. Last year, the ad budget for the all-important division jumped about 20%, to $131,206,900.

The bulk of the spending, $93,362,100, went into network, a level that advertising manager Rus Chick says will continue for this year. Most of the buys have been on sports shows, since the target buyer is male.

Chick says that he does not anticipate the target changing, although he concedes that Chevrolet has "slightly increased its efforts toward women." The magazine schedule, which includes some women's books, leans towards mass circulation magazines, parallel to the network buys.

Chick explains the division's reluctance to segment the market by noting that Chevrolet indicates changes in emphasis with its new products rather than with its marketing efforts. "Being a mass marketer of automobiles, we're not as likely to be searching for a particular niche."

Advertising for the Toyota-designed cars has not been decided yet, since "we are a year away from that car," according to Chick. He adds that "to the extent that it would be favorable, we would use the Japanese provenance in the copy. But chances are that it

MEDIA EXPENDITURES, 1983 (six-media, in 000)

Company	Total	Magazines	Supps	Net tv	Spot tv	Net radio	Outdoor
AMC	$73,973.8	$15,644.5	$47.0	$50,972.3	$6,221.7	—	$1,088.3
AMC	9,617.8	2,087.8	—	6,336.7	1,193.4	—	—
Jeep	21,832.9	5,935.8	47.0	15,117.7	613.4	—	119.0
Renault	42,523.0	7,620.9	—	29,517.9	4,414.9	—	969.3
Chrysler	151,559.0	44,845.2	356.8	84,193.7	18,626.0	$2,858.0	679.3
Chrysler	58,737.1	12,688.9	—	35,672.3	5,038.0	679.5	526.4
Plymouth	23,601.4	6,323.0	220.1	12,913.9	4,143.3	—	1.1
Dodge	58,353.0	17,738.6	136.7	32,054.0	6,293.6	2,178.5	84.5
Ford	30[illegible],611.3	80,346.3	1,108.0	172,308.1	37,857.4	7,185.6	1,805.9
Ford	176,486.8	48,953.1	455.8	105,799.3	15,098.2	4,339.0	1,487.4
L-M	69,205.3	14,556.6	652.2	35,684.3	18,008.2	—	304.0
GM	330,447.1	89,020.0	804.3	201,350.4	25,678.4	9,410.7	4,183.3
Buick	32,187.9	10,654.5	153.0	17,797.1	1,618.5	1,723.1	241.7
Cadillac	15,971.2	6,093.9	123.0	7,583.0	431.8	2,145.4	25.5
Chevrolet	131,206.9	30,922.9	393.7	93,362.1	3,093.4	188.0	3,293.3
Olds	28,406.1	8,570.9	—	12,083.5	6,864.2	184.3	303.2
Pontiac	42,325.5	11,648.6	—	19,695.6	10,876.7	—	104.6
IMPORTS							
Honda	38,582.6	12,871.0	282.2	19,649.4	2,158.7	1,911.3	506.0
Nissan	85,586.9	13,205.9	96.4	33,602.9	37,692.1	—	989.6
Datsun	22,212.7	2,629.3	—	5,875.6	13,353.3	—	354.5
Nissan	63,374.2	10,576.6	96.4	27,727.3	24,338.8	—	635.1
Toyota	80,104.8	12,416.4	25.9	22,852.5	42,505.9	20.0	2,284.1
VW	47,589.5	13,914.1	—	20,528.4	10,774.1	—	—

Source: Leading National Advertisers Broadcast Expenditure Reports.
Division totals reflect only product advertising; corporate totals reflect all advertising expenditures tracked in six media.

won't be a major point." He concludes that there is already such a high level of awareness about the joint venture, that "the public won't need to be told."

Pontiac

The division is continuing to move along lines established three years ago, to become recognized as the division with "innovative styling and engineering," according to Ed Benson, assistant general sales manager in the marketing department.

The target, once described as one- to two-person upscale households, and now given the trendier designation of "the 25-44 new values group," is reached with heavy television. About $30 million of a $42,325,500 budget went into broadcast in 1983, two-thirds of that in net. Product development is moving in the same demographic direction since the target is predicted by Pontiac to represent 55% of car purchases in the future.

Benson explains magazine selection by noting that Pontiac is redirecting where its ads appear, in a two-pronged effort to broaden its base and move toward more effective target marketing. This has meant the addition of vertical reach publications with different audiences, like *Psychology Today* and *Auto Week*. Copy continues to stress styling and technology, even though Benson notes that more women are buying the product than in the past.

Buick

The division is undergoing a radical change with the introduction of the Electra Park Avenue, a down-sized version of an existing model that executives hope will appeal to a younger set. Concern over decreasing penetration has led to the development of models like the Turbo Skyhawk, which John Dables, general manager of marketing and sales planning, says is "part of getting a younger audience."

The younger group, says Dables, are used car owners and import or domestic subcompact buyers ready to trade up. These people frequently cite imports as their ideal car.

The new car introduction will be accompanied by a "very focused" heavy television campaign that included spots on the *Academy Awards*. While tv got slightly more than half of last year's $32,187,900 budget, Buick is trying to get away from its former dependence on broadcast media. Knox Ramsey, director of market research for the division, points to the unusual April launch, as the reason for heavy tv.

Some of the newer car lines have been successful in attracting the affluent younger buyer. The average age of the Skyhawk buyer, for example, is 35-36, compared with an Electra buyer who averages 55 years-old. Figuring that an audience of 35-year-olds has five or six new car purchases in it, versus the one or two new cars a 55-year-old will buy, Dables says that the range of magazines Buick buys has broadened to encompass *Town & Country*, *Connoisseur*, *Yachting* and *Rolling Stone*. "Experimental" broadcast buys are planned for 1985 — "We've been looking at MTV, but I don't think we're ready for *that* yet."

With the "Step up to a Buick" theme set to go, Dables says it marks the beginning of a five-year strategy that Buick is committed to "as part of

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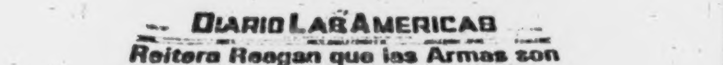


DIARIO LAS AMERICAS

Reitera Reagan que las Armas son Necesarias para Evitar la Guerra

Andropov Entra al Presidium y Posiblemente Sea Jefe de Estado

Al Cerrar la Edición

Advertencia a los Beneficiarios del Medicare

Indice

our long-term business plans. Broadening our base is a critical element to our long-term success."

Cadillac

A similar effort to broaden the base of buyers is going on at the Cadillac division, with the introduction of several new down-sized front-wheel drive models, the Seville and the Fleetwood. These are the models whose intended September 1983 introduction was delayed by production problems.

Tv continues to get 50% of the budget. Upscale sports such as Wimbledon tennis and the Masters tournament are on the program schedule. Magazine usage continues to expand, receiving $6,093,900 of a $15,971,200 budget in 1983.

"We will continue to use specific print for each target," says Dick Welday, director of merchandising. Cimarron, for example, has a "buff book appeal," while other models use more upscale books like *Palm Springs Life*.

Welday says that he does not expect the interest in larger cars to diminish at the end of the year. The new models are expected to continue attracting a younger audience — in the 35 age range — who are high-tech oriented. Although Welday pegs BMW and Mercedes as the competition, he says that advertising will not address the competition directly. Advertising for the down-sized models will stress technology, in media weights consistent with 1983.

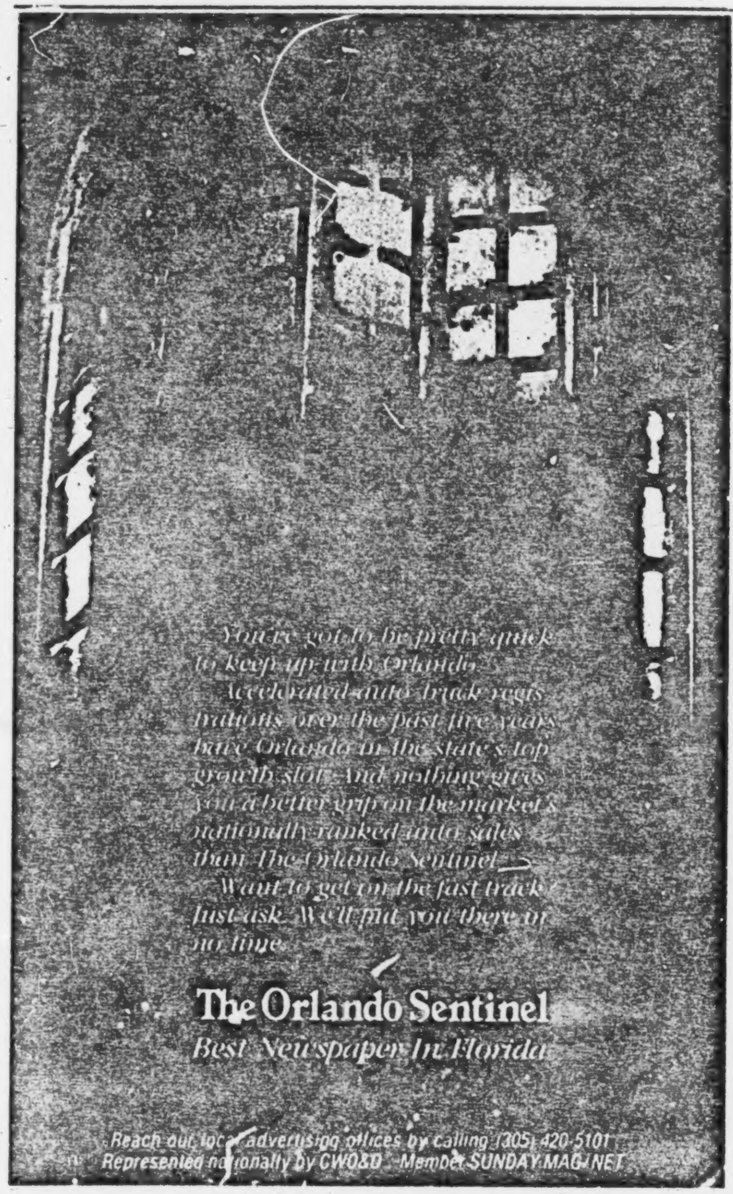
Oldsmobile

This division of GM manufactures the number one selling car in the U.S. as of 1983 — the Cutlass. So far, the division, which put $12 million of a $28 million 1983 budget into net, hasn't drawn attention to the Cutlass. "We don't want to be saying 'We're Number One' as a division," explains Butch Bunker, ad manager for Oldsmobile. He adds that he has thought of incorporating Cutlass' position in print ads, to show benefit and emphasize that the buyer has made a "wise buying decision."

As with the other divisions, Oldsmobile is looking to broaden its appeal, especially with the down-sized 98. Marketing will take "a two-pronged approach," says Bunker, since the model has been accepted by traditional Oldsmobile buyers and will also be targeted at "luxury import buyers." Advertising to the traditional segment will stress luxury and prestige, while ads for the import buyers, a younger segment, will focus on "performance characteristics and technological aspects" of the car.

"Certainly a younger audience is important to us, but it is just one of the many segments Oldsmobile is trying to reach," Bunker says, noting that the division has continued to target a younger demographic for certain car lines, and not for others.

Media selection will continue to rely on broadcast, which received 60% of the budget last year. Bunker says that Oldsmobile is "looking into alternatives," such as cable, which has been used tentatively in the past. Creative may turn more toward stressing benefits, as in the Cutlass advertising, and away from the "fun-to-drive" selling points that have been used for lines like the Firenza, targeted at a mid-thirties demographic. "I'm working in that



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way myself," says Bunker who adds that he is loathe to speak for any other division.

Ford Motor Company

The new aerodynamic designs Ford began introducing last year have been well received: market share jumped 2% in the first two months of the year, to 19%. New cars sales for the first two months of the year hit 304,000 units, a hefty 56% increase over last year's total 1.6 million units.

Advertising money has been poured into network tv and magazines following the introduction of the "jellybean" shaped Thunderbird, Couger, and the somewhat less stylized Tempo and Topaz J. David Power notes that the move was as much a departure from the boxy all-American styling of the 70's, as a strategic repositioning of the entire company away from GM.

Ford

While Ford's corporate advertising stays with the "Quality is Job #1" theme adopted three years ago, product advertising has been updated to keep pace with the new cars. Advertising expenditures rose some 38% in 1983, and some support was shifted away from successful small car lines like Escort to give additional weight to the aerodynamic models.

Edsel Ford, advertising manager for the Ford division, says expenditures are unlikely to rise as much this year. Media mix will also remain essentially the same, as Ford sets 70% aside for broadcast in an attempt to court the "young upscale mobile professionals." These are the same 35-year-olds every car maker seems to be courting this year. This is an effective mix, says Ford, because of the broad-based nature of the new car designs.

Ford has been using cable in a similar way as it has magazines, to target a specific audience. To reach a Hispanic segment on SIN, the Spanish International Network, the company created a specific spot tagged "from one family to another," playing on the heavy family loyalty of the segment. The medium has been getting about 10% of the tv budget, or about $12 million. Ford adds that the company will look at mini-series for the 1985 model year, "as a generic media buy."

Magazines continue to span the range, from specialty books to newsweeklies. "We're looking at upscale books, which wasn't a normal consideration in the past," observes Ford "But we have to look at them now, especially with Thunderbird," the most technically-oriented of the new cars.

Ford feels that some of the corporate advertising will be pulled together with product advertising: "We've got to get better at telling the consumer about product attributes."

Lincoln-Mercury

Advertising weight will continue to be heaviest behind the Cougar, Topaz and luxury Mark VII, the new aerodynamic cars. The target for this year is the "10% of the population that will be new car buyers," according to Pat Sheean, media group supervisor for the account at Young & Rubicam. She feels that the weight is appropriate, since the three car lines span the range from low to high end, among the division's nine car lines.

Advertising continues to be split 75% between broadcast and other media, with net getting $35,684,300 or a $69,205,300 1983 budget, and spot, $18,008,200. Rick Baker, in the division's advertising department, stresses that this amount is "somewhat less than other car divisions."

Program selection is targeted at the affluent prospect for all cars in the division, although "slightly less affluent for Mercury, than Lincoln," Sheean says. She adds that the division seeks "highly selective programing": new information, business and financial, golf and network tv specials.

Print varies by car line. The Cougar, which has a 40% rate of ownership by women, compared with the 30% industry norm, has a heavier presence in women's books than the Topaz, a family car more likely to depend on dual audience books. "The Continental Mark VII, which was designed with men and women in mind, and designed for a younger demographic than last year's Mark VI, could show up in a car enthusiast magazine, while the Topaz would not," Sheean says.

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Chrysler

Chrysler entered 1984 maintaining its 9% share of the market. Car sales indicate that it, too, will share in the consumer recovery. First two-month figures totalled 150,000 units, up 44% from the previous years. The company sold 800,000 units in 1983.

Chrysler may be expected to follow GM's overseas link-up lead fairly soon. Its Omni and Horizon models need replacing, and the betting is that the new styles will come from Mitsubishi Motors — which is 15% owned by Chrysler.

Projected passenger car sales

1984	10.5 million
1985	10.5 million
1986	10.9 million
1987	11.2 million

Source: Chase Econometrics

While Chrysler has made good headway in revving up its finances, the company has lost out on customer satisfaction, according to J. David Power. Chrysler had led the domestic manufacturers in that category, but has not recently paid as much attention to the quality issues important to consumers, as say, competitor Ford has.

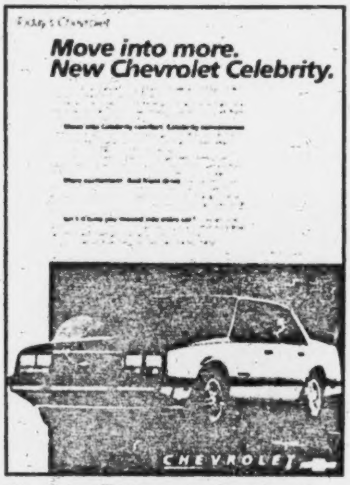
Chrysler-Plymouth

The two divisions, with a little more than half of Chrysler's total $151,559,000 1983 budget, "have not been as successful in skewing younger as we would like them to be," admits A.C. Liebler, general marketing manager for the divisions.

The Laser, a sporty, performance-oriented car, has been a change for Chrysler. Coupled with the introduction of the Turismo Duster, Liebler hopes that more young affluents, and more women, will be attracted to Chrysler.

With the pink returning to Chrysler's cheeks, total ad spending was boosted by 24% last year. One area that saw a decrease was the weight given to corporate image ads. The big benefitters, television and magazines, found themselves in demand as Chrysler continued its efforts to lower the average age of ownership. The profile of its buyers shows a median age of 49; Chrysler's car goal is to lower that to at least 45 this year.

Liebler says that while the targets vary by car line, the target for the next year will be "new middle buyers." Much of the sales come from traditional Chrysler buyers. He would like to see more driving enthusiasts buy Chrysler Plymouth division cars, "and it wouldn't hurt our feelings to drag some people away from the imports."



Chevrolet continues to advertise its small cars with aggressive copy — in anticipation of the joint venture with Toyota.

Dodge

The most important aspect of Dodge division's marketing strategy for this year, according to Joseph N. Caddell, marketing manager of the division, is to expand awareness. Budget increases of + 20% are likely to continue, as total expenditures rose to $58,353,000 in 1983 from $46 million.

Dodge is trying to establish brand loyalty among the 20-30 year olds, before driving needs change in the mid-40's. Caddell divides the car lines into two characteristics, "expressive," or younger, and "traditional." Dodge is secure enough of its traditional base to target the "expressive" Baby Boom generation more closely.

Still, close to 70% has been going toward broadcast. Caddell explains: "We need the awareness for Dodge. People's perceptions of our cars are generally incorrect." Dodge, he says, is neither lacking in styling, nor a good ole' boy car, nor an economy car — "We're not any one of these images."

Because of the awareness problem, print will play a distant second to tv, with $17,738,600 of the 1983 budget — a one-third ratio that will continue. The key to the division's growth, Caddell feels, is to appeal to the different lifestyles that would buy a Diplomat, a traditional sedan, or a Daytona, a sporty car. He says Dodge will "bring in new people" with its "simplistic marketing 101 media schedule" that targets in terms of product attributes — front-wheel drive and sportiness versus fuel economy and comfort for a more traditional audience.

Market shares Domestics and imports

	Total 1983	1st Q 1984
GM	44%	45%
Ford	17	19
Chrysler	9	9
AMC	2	2
Other	2	2
Japanese	21	18*
European	5	5

Source: J. D. Power & Assoc.
*under restraints

AMC

The company continues to focus its marketing prowess on its two more successful lines: Renault and Jeep. Share was stable at 2%, from last year to first quarter of 1984. The success of the Alliance did not carry over, however. Sales of 33,000 in the first two months are up 13% over last year but do not indicate a significant gain over last year's total 200,000 units.

Jeeps continue to bring in the profits, although they get only half the advertising attention paid to Renault: $21 million versus $42 million. Some analysts feel that unless Jeep is promoted more, and sold more, AMC's 1983 fourth quarter profits will be nothing more than a fluke.

Jeep will continue using the same media and theme it had last year. "Only in a Jeep" stresses the utility/recreational nature of the car. Copy will be more competitive this year, however, when the car takes on Chevy Blazer and Ford Bronco.

Renault, despite Alliance's performance last year, continues to pose a problem of awareness. Advertising director David Kerr feels that the Renault name "still has a long way to go." This way will be paved by continued dependence on network tv, supported by some targeted print use.

The big news with AMC is a five-year plan to develop a large-car line. Goals for the company in the short-term are to expand AMC's share of the small car segment, says Kerr. But he notes concern that consumer tastes have shifted toward large cars this year, a cyclical phenomenon.

"We want to move into the large car segment without pulling back from small cars," Kerr says, citing the successful penetration of the segment among women and two-car households. Total investment is estimated at $1.7 billion, and will affect both Jeep and Renault.

Imports

Import sales are down at the beginning of 1984, a direct result of the continuing ceiling on import quotas. Market share, which for Japanese cars alone had once been as high as 24%, slumped, in 1983, to 21%. Indeed, Japanese and European cars combined made up only 26% of new cars sales last year. By the beginning of the year, Japanese cars felt the full weight of restraints: their share sagged to 18%, while 1984 European imports' share remained stable.

Undoubtedly, the restraints will hamper sales again for the fall this year. With proposed partnerships in the works, however, the protectionist mood is disappearing. Meanwhile, ad expenditures have been rising between 25% and 50% as importers seek to take advantage of pent-up demand.

Nissan

Nissan is still in the process of changing its name from Datsun, a transition reflected in 1983 advertising expenditures. Out of a total $85 million spent, one-fourth still went to supporting the Datsun name. Bob Kent, vp, marketing and services, says that the company hopes to have the transition completed by December 1985.

Media mix has remained consistent, with above 70% invested in spot and net. Programing is primarily sports, for a young upscale audience (18-34) that tends to skew male. Because of the heavy dependence on net ($27 million for Nissan, and another $6 million for Datsun), Kent says that he is considering alternatives to offset audience decreases on sports programing. Cable might be an area for further investment: "We feel that it has exciting growth potential," he says, singling out ESPN and CNN.

Nissan "isn't interested in segmenting against any audience, except in trucks, where we're looking for an outdoor audience." Magazine use is broad, as a result.

To the extent that Nissan applies media weights, it does it with spot television: "We do better using a spot market than using network properties, given our marketing strategies." Weights in 1984 may shift more into spot, and away from net.

Toyota

Once the joint venture with GM is underway, Toyota will find itself competing with its own products — to be sold out of Chevrolet dealerships. This doesn't faze Warren Christell, marketing manager for the company. He explains that the company's strategy has been to maintain a full line of small cars, from entry level on up, "so that there's a higher chance of retaining customers as they upgrade."

Last year the ad budget was modestly upgraded from 1982, slightly over 10% to $80,104,800. Because the target ranges distinctly, but narrowly, between a younger audience and middle-aged audience, depending on the model, Toyota has invested about half that into spot tv.

"Several of our bigger volume products are more suited to mass media — Tercel, Supra, Corolla, Celica," says Christell. Cressida has an upscale magazine schedule.

Christell says that Toyota's position over the next year is "frustrating." He dismisses the notion that the company has taken advantage of restraints to maintain prices that deter new car buyers: "The consumer's choice has been drastically limited," he asserts.

If Nissan is able to import minis next year, cars smaller than current subcompacts that are expected to take 6-9% of the market, Toyota may suffer even more, since these smaller cars would be priced in the Tercel range. Christell says the company has no marketing plans yet that might differentiate its product from the minis.

Volkswagen

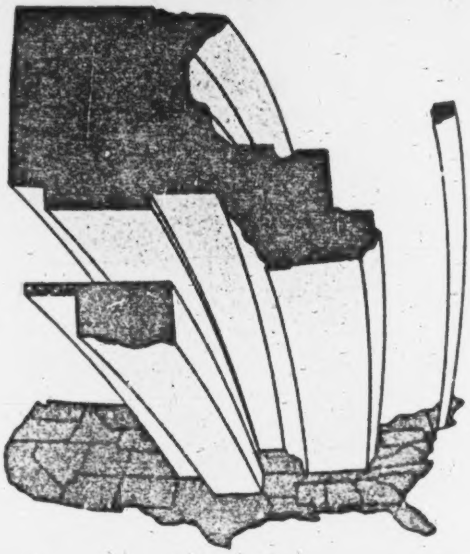
Volkswagen did not have a good year in 1983, with market share in the U.S. dropping from 3.4% in 1981 to 2.3% as the year began, and the German parent reporting losses close to

Sales, domestic (74% of market)

	Total 1983	Jan., Feb 1983	Jan., Feb 1984
GM	4,100,000	516,000	718,000
Ford	1,600,000	194,000	304,000
Chrysler	800,000	104,000	150,000
AMC	200,000	29,000	33,000
VW	85,000	11,000	14,000
Honda	50,000	2,000	19,000

Source: John H. Hammond Jr., Data Resources Inc.

DID YOU KNOW THAT



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$100 million. As can be imagined, belt tightening is underway. Already, the ad budget has been slashed 30%.

Hopes for the U.S. market are pinned on the Golf II, a Rabbit-like model to be introduced in the fourth quarter. The strategy is a return to European design and quality, a departure from the made-in-America theme used to introduce the Rabbit. Because of ad cutbacks, "a substantial part of the budget" is being reserved for tv in the fourth quarter, says Michael Howe, advertising manager.

The Golf II, with a young, educated target, will compete with other American-built imports like the Honda Accord, but will target other German manufacturers like BMW in the advertising. Last year, 66% of the budget went into broadcast, a proportion that is likely to be the same this year; budget for 1984 is about $50 million, according to one analyst.

Honda

Honda just ended its "import of the year" campaign to focus on other models that hadn't been getting too much attention lately — the new Civics and Preludes. As the line expands, Honda has been going more heavily into television. Half of a $38 million budget went to network in 1983. The budget is expected to increase about 25% this year, and the trend toward network usage will continue.

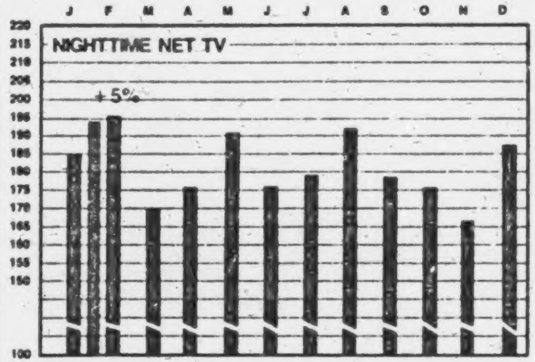
Advertising stresses the Honda brand, with segmentation done by body style. Honda, which had been decreasing its magazine investments in 1981 and 1982, spent $12 million in magazines in 1983, a trend that will continue now that the company has three car lines to promote and segment against.

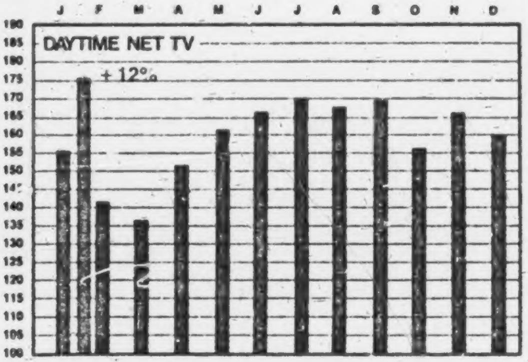
Magazines are divided into two different plans: older, male and married-oriented; and younger, single and more female-oriented cars. With a resurgence of sales on the larger end of its product line, Honda has added *Sports Afield*, *Science Digest* and more traditional vehicles like *Town & Country* to the mix.

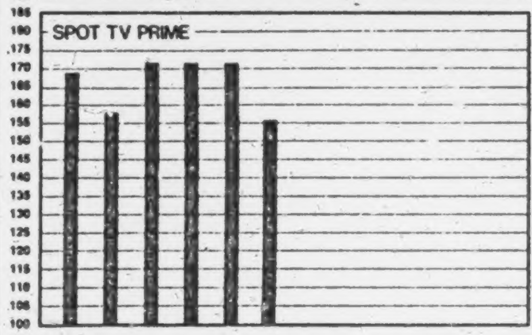
Television buys have been on sports and news programs, which Honda plans to continue. The company also expects to become more heavily involved in cable, where buys range from late night news on CNN to NHL Hockey. *Laura Konrad Jereski*

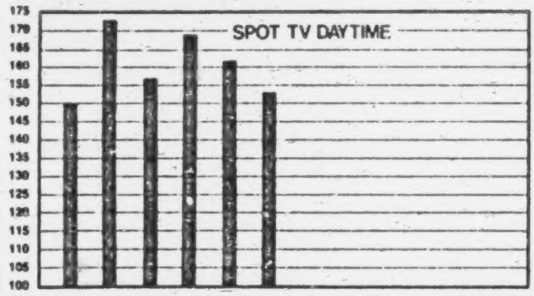
MEDIA COST INDEX

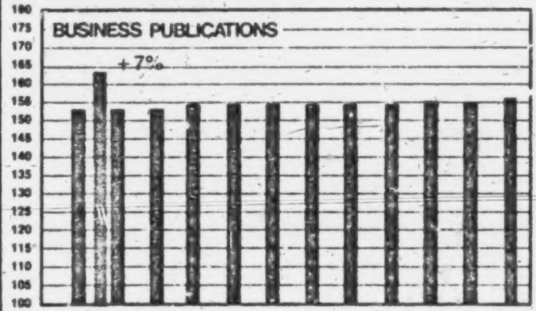
Black bars index for 1983; color bars 1984; base year 1977











Most media in this cost index started the year with increases over the year-ago month much in line with the numbers reported for December.

The exceptions: **Supplements** showed a 22% rise over January 1983, up from 17% in December; **daytime network tv** was up 12% but down from the 29% reported in the December-over-December index; **network radio** came in at −5% from January 1983, down from a not-so-high +5% in December.

The remaining media showed increases in the 5% to 10% range.

Consumer magazines were up 9% over January 1983, up two percentage points from the December report. **Daily newspapers** matched this reported 9% increase, which was the same as reported in December.

Outdoor and **business publications** in January matched the increases reported in December: up 10% and 7%, respectively.

Nighttime network tv showed a modest 5% increase, down one point from the reported December increase.

Usable cost-trend data are still not available for the two **spot tv** categories and **spot radio.** But, there is a ray of light at the end of this tunnel of data darkness.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

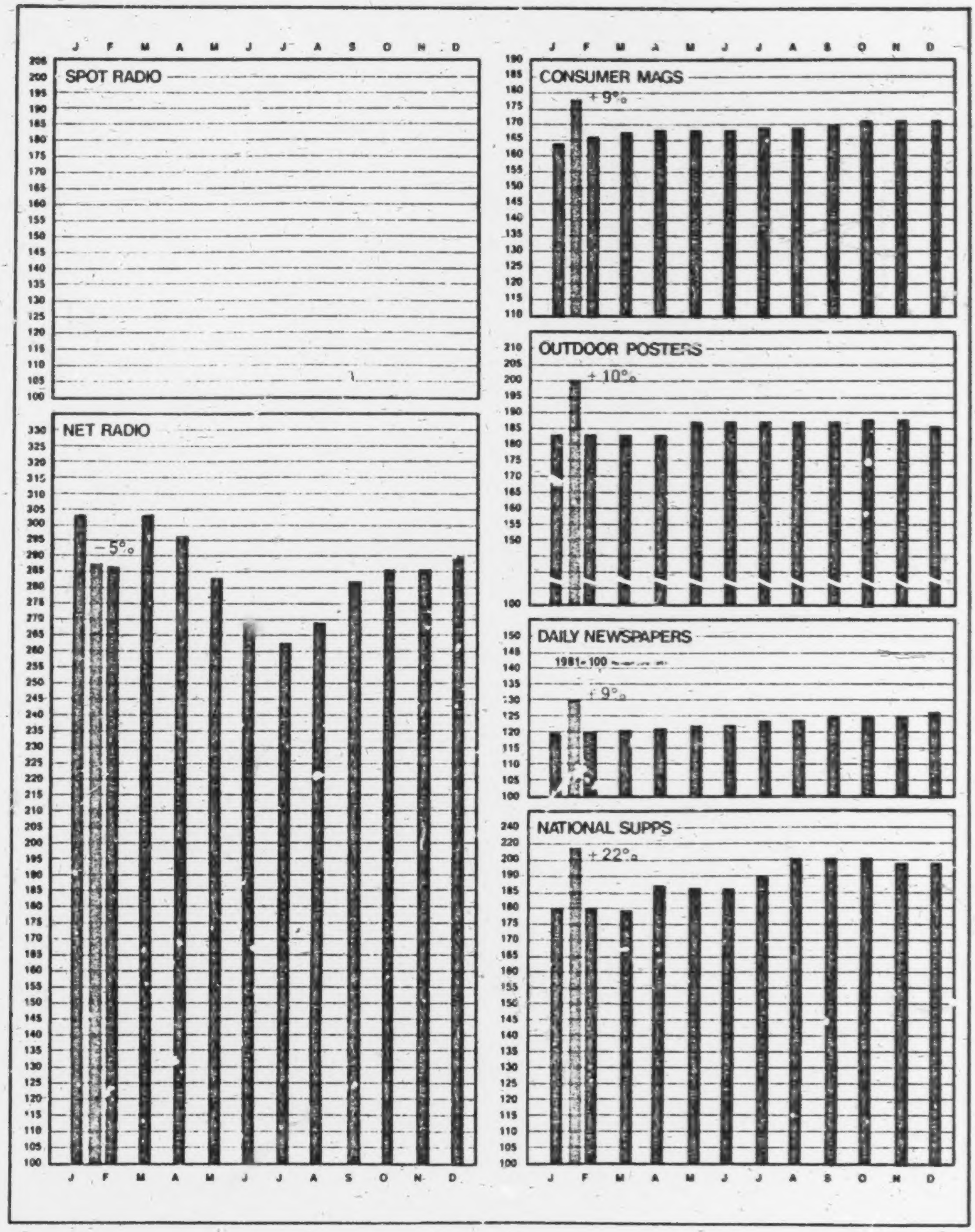
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



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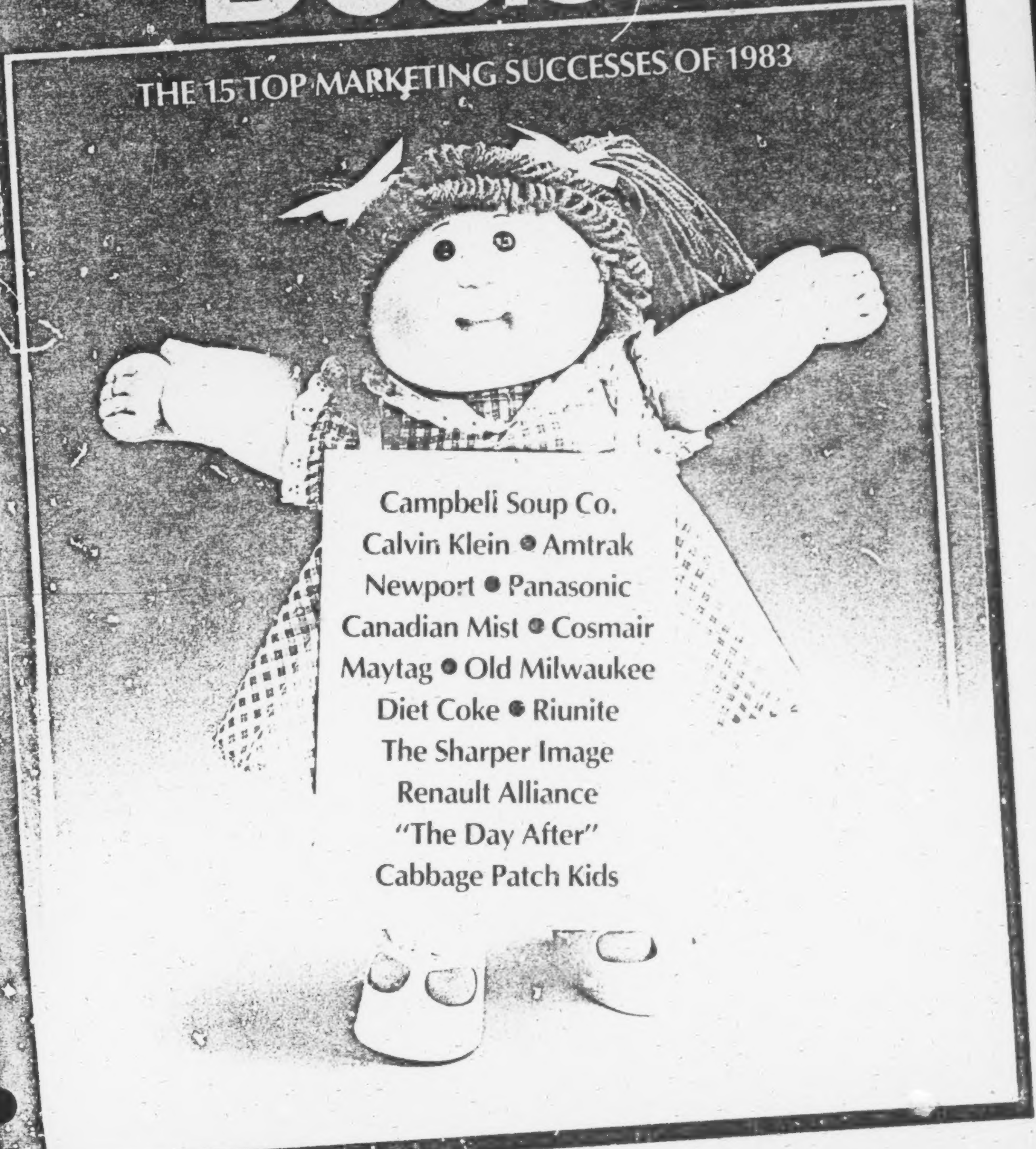


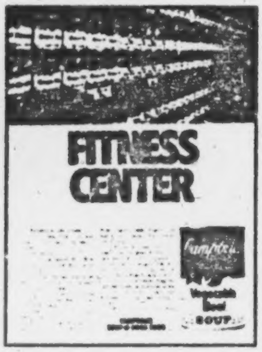
THE 15 TOP MARKETING SUCCESSES OF 1983

Campbell Soup Co.
Calvin Klein • Amtrak
Newport • Panasonic
Canadian Mist • Cosmair
Maytag • Old Milwaukee
Diet Coke • Riunite
The Sharper Image
Renault Alliance
"The Day After"
Cabbage Patch Kids

MARKETING & MEDIA

Cover photo by Dan Lesser

14



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INTRODUCTION

14

What distinguished our winners from the competition, is that during the difficult year of 1983, each hewed to a clear-cut marketing plan. These companies continued with their overall and individual product strategies, never lessening the advertising weight, regardless of what the economic indicators were predicting, and made modifications only to seize some sudden advantage.

FOOD PRODUCTS

25

There's more on the stove than soup at Campbell's

The old-line food processor has changed its recipe for success. Marketing is the key ingredient, and the push is on for "well-being" convenience foods.

DIRECT MARKETING

35

There's nothing fuzzy about The Sharper Image

The electronic gadgetry cataloger has landed on top of the direct marketing business. Savvy merchandising, heavy advertising, and an emphasis on consumer service have helped.

HOME ENTERTAINMENT

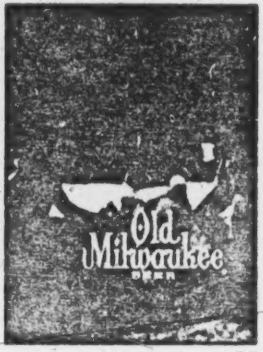
41

"Meichi" has helped Panasonic become tops in electronics

The American division of Matsushita has taken the Japanese proverb — meaning realization of mission — to heart. More than modesty put it ahead in the videorecorder market.

ALL ABOARD AMTRAK

47



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THE BIG GAME

59

65

TRAVEL 47

Amtrak's whistling now that it has a green light

Scoffed at as a money-losing transportation dinosaur, Amtrak got rolling with a bold campaign that takes direct aim at its two-winged competitors.

BEER 53

What calls itself "old," and brews up strong sales?

Old Milwaukee beer has thrived under new parent Stroh. A new, national ad strategy and a trade campaign to retailers helped the brand's growth surpass rivals.

COSMETICS 59

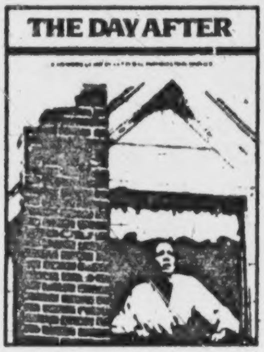
Putting a blush on the U.S. cosmetics market

Cosmair, the American subsidiary of France's giant L'Oreal, intends to become a major force in the domestic cosmetic market. Watch out Estée Lauder.

SOFT DRINKS 65

Coca-Cola discovers what's in a name

In less than two years, diet Coke has jumped into third place in overall soft drink sales. Its carefully plotted sales plan calls for more than that.



71

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89

ENTERTAINMENT

71

ABC's *The Day After* . . . Marketing success or bomb?

It's controversial to be sure, but this program, meticulously planned and marketed, is reaping ABC big overseas box office bonanzas.

AUTOMOTIVE

77

American Motors revs up with Renault's Alliance

The new partners had almost everything riding on this model's success. Research, savvy positioning, and a "contest" between its two agencies were part of the strategy.

WINE

85

Riunite's bubbly rise to the top

Its positioning as a mass appeal, "nice on ice," drink has made this Italian import from Villa Banfi tops in the wine business.

CIGARETTES

89

Newport smokes out a surprising comeback

The Lorillard brand was the only major cigarette to score a significant sales increase in a down market. Not bad for a brand once almost given up for dead.

95

CANADIAN MIST
CANADIAN MIST

101

109

115

APPAREL

95

Calvin sews up $50 million in men's undies for women

What comes between you and your Calvins? Some very brief, very expensive underwear. The designer has taken a commodity business and made it into fashion.

LIQUOR

101

Not *everybody* drinks rum, white wine, or Perrier

In a hung-over liquor market, Canadian Mist has bested its rivals, and industry, with target marketing and consistent image advertising.

APPLIANCES

109

Maytag spins into electronics

Backed by record earnings and strategic acquisitions, the conservative appliance maker is gaining new customers and new distribution channels.

TOYS

115

New "moms" sure do love these dolls

Coleco Industries scored the marketing sensation of the year with Cabbage Patch Kids. Will the adoption concept prove to be as appealing as this year?

gressive across the board," agrees Sandor Cseh, an analyst at Provident National Bank in Philadelphia. "The unit volume increases started within a year after McGovern became president. And the earnings increases began to show in 1983."

Although McGovern may be, as he insists, "a production man at heart," he seems to have a sixth sense for marketing. Some have called it "McGovern magic." Even Kent Mitchel, vice president of marketing services at General Foods, says, "McGovern is a star. He has come in and shaken things up and it shows because sales are up."

McGovern wants to make Campbell's a "well-being company." He explains: "We don't want to go dietetic, and we don't want to go medicinal." What he does want is "home cooking that's been carefully constructed to meet good nutritional requirements."

"What I'm preaching around here," says McGovern, "is that we have to know first what the trends in demographics are — such as the pig-through-the-python bulge of kids born during World War II, the growth of singles, the sub-baby boom, the dearth of teenagers, families without husbands, and working women who have overwhelmingly impacted the market.

"Then, I throw on top of that, lifestyles. I keep telling about my 83-year-old mother, the grandmother of my children. The difference between the way she eats, the way I eat, and the way my children eat (McGovern calls his 22-year-old son an on-the-run nibbler), are all plainly different. What I'm talking about here is adapting the product attack to demographics and the way people eat."

Stressing that Campbell's is a "product-driven" company intent on satisfying the needs and tastes of today's shoppers, McGovern says he has narrowed down the endless possibilities to a few "hot buttons."

McGovern does not make his judgments by spending time on paper mountains of market research analyses. Instead, he leans heavily on what he calls an "inherent ability to make judgments and to have a sense of the marketplace." His curiosity seems insatiable and whenever McGovern is not driving his managers in the office, he is in supermarkets taking a "grand tour to get a feel of the business."

McGovern is "darn sure" that he's on the right track with a couple of "hot buttons" he's willing to talk about. His certainty stems from his own experiences: he's the one who does the family's Saturday morning shopping run. And he cleans up after dinner.

Maybe it's because he has to do the pots, pans and dishes that McGovern is so high on easy-to-prepare foods. He believes that's the one category that will neither die nor fade away on supermarket shelves. In keeping with that belief, Campbell's is developing a plastic microwaveable soup container that will be introduced regionally this fall. "You just pull the top off it and drink it down with no clean-up, no pots and pans, and no can openers," McGovern says enthusiastically.

Campbell Soup Company

divisions	projected sales increase f.y. 1983-84	projected earnings increase f.y. 1983-84	projected sales volume f.y. 1983-84	division's share of total sales	division's share of total earnings
Campbell USA	+15%	+15%	$2.28 billion	60.5%	73%
Pepperidge Farm	+8%	−2% −5%	$470 million	13%	11%
Vlasic	+13%	+9%	$190 million	5%	3%
Mrs. Paul's	+15%	+22.5%	$125 million	3.5%	3%
Other U.S.	+22%	—	$78 million	2%	0%
International	+4%	+22%	$620 million	18%	10%
***Inter-division**	—		$82 million	−2%	

Campbell Soup Co. parent total	total sales (billions)	net earnings (millions)	earnings per share
Fiscal year			
1984	$3.68	$190	$5.90
1983	$3.29	$165	$5.12
1982	$2.96	$150	$4.64
1981	$2.80	$130	$4.00
1980	$2.56	$135	$4.08
1979	$2.25	$120	$3.59

That's also the philosophy behind last fall's launch of Le Menu, a premium-priced frozen dinner "that you can come home from work as a working woman, or a husband, or a single and in six minutes you put it right on the table with no touching of any other dishes. You present yourself with some candlelight and a bottle of wine and you've got a delightful meal," says a beaming McGovern.

Le Menu does seem right on target. And it has taken off. Its first year sales, after introduction in September 1983, should exceed $150 million — half of its Swanson's frozen foods volume alone — and McGovern is prodding his managers to think about $170 to $180 million as new Le Menu dinner varieties are introduced.

For a variety of reasons, Swanson's traditional meals had clearly lost favor with shoppers. One big problem was that they weren't suitable for microwaves in a decade when a quarter of the nation's homes — half of them in the trend-setter state, California — had microwave ovens.

But Campbell's was not alone in thinking that an upscale frozen-dinner would pay off. Indeed, Armour Foods beat Campbell's to test markets by one year with its Dinner Classics, and to national roll-out by one month. The two premium dinners are now battling for first place. Nicholas Rago, vice president and general manager at Phoenix-based Armour, concedes that "Le Menu is very good competition in some markets." Spurred by Le Menu and Dinner Classics, frozen-dinner sales climbed 12% in 1982 and then shot up tops in the electronics category."

Sroge also attributes The Sharper Image's success to its customer guarantee. "They promise to meet any lower price for merchandise in their catalog," says Sroge. "Thalheimer has brought a degree of quality and commitment to the direct marketing business that is very beneficial."

The primary way The Sharper Image stays ahead of its competition is by spotting trends before the competition. Not immodestly, Thalheimer asserts, "I have good intuition for picking the trend that is coming next, and that has enabled me to stay a little bit ahead of everybody else."

Thalheimer has spotted some unlikely products that went on to become surprise successes. He cites roller skates among them. "We were the first to spot and advertise roller skates, as they became a fad in California," he boasts. "We bought space in *People* in 1978. We sold over 15,000 pairs of roller skates that year. We were also the first to market inversion boots, which were first made popular in the Richard Gere film, " 'American Gigolo.' " He says, "We put the boots on the first spread of our 1980 catalog, and sold 10,000 pairs in the first six months at $350 a pair."

Thalheimer is also proud of the business he has done in cordless telephones. "We also spotted the cordless phone in 1978, which was almost unknown at the time." He points out that "no one else had the cordless phone, and that sustained us for a whole year. We were also the first to come out with a phone catalog, a year before the start of retail phone stores. Our phone catalog is now going into its third edition. We mailed five million in the spring of 1982, four million last fall, and another four million this spring."

Thalheimer's intuition now tells him that the hottest market is in health and fitness equipment. "Sales from our health and fitness catalog have exceeded our expectations," he declares. Thalheimer backs up his convictions by mailing out 50 million catalogs a year. The main catalog, a hefty 72 pages for 1984 spring, is mailed four times a year, for a total of 32 million copies. Additionally, there are special catalogs: Sports and Fitness, The Phone Book, The Sharper Image Woman, and two others, featuring jewelry and watches. Each one is a slick, glossy dream book of high-tech, trendy toys for adults.

For example on page one of the spring catalog, there is a device that is heralded as "Europe's newest thrill machine," an "exercize tool" that will help you bounce your way to aerobic fitness. You have to look twice at the snazzy photograph to see that it is really a stylish $119 pogo stick complete with owners manual. Thalheimer grins when he is reminded of it. "The moment I saw it I loved it. It is just strictly us."

Sharper Image 1984 advertising expenditures

Magazines	$1,000,000
Network tv	$1,200,000
Cable	$ 700,000*
	$3,700,000

* Decisions estimate

To make sure his books find a wide audience, Thalheimer uses television and print. He's considering trying radio, but he cautions that "many of our products must be shown," so that medium may not pull as well. Thalheimer's biggest print campaign is the one for Nautilus, which appears in 25 magazines this May, mainly upscale men's books such as *Esquire* and the science books. This blitz is budgeted at $700,000, as compared with the normal $100,000 a month allocation.

Television also comes in at about $100,000 a month, with most of that going for 30- and 60-second national spots on the CBS and NBC early morn-

THE SHARPER IMAGE

While retailers move into direct mail, Thalheimer is opening stores.

1983 Travel Industry Advertising Expenditures

	$mm	%
Passenger Airlines	398.0	78.4
Car Rental	66.4	13.1
Buses	23.4	4.6
Amtrak	19.8	3.9
Total	507.6	100.0

Source: LNA, Media Records, Radio Expenditures Reports

While Amtrak is the sole voice for the passenger train travel industry, its advertising spending is only 4% of total spending for the mass transportation industry and 5% of what airlines spend. Additionally, the auto industry spends $1.6 billion to make the public automobile-savvy.

Amtrak "doesn't have any reason but to believe in advertising. It has certainly worked for us," says Robert E. Gall, vp of transportation marketing.

Needham has proved to be an instrumental partner in bringing out Amtrak's potential. Shortly after the railroad conducted an agency review, and replaced BBD&O with Needham in 1975, the new ad team began a steady process of convincing Amtrak's top management that advertising pays off.

Now, Amtrak's Gall declares that he "doesn't have any alternative but to believe in advertising. It has certainly worked for us." And the system has boosted its ad budget to match its new convictions. Amtrak's budget has climbed from slightly over half a million dollars in 1975 to nearly $20 million this year, with spot television in key markets receiving almost half those allotments in fringe, dayparts and news. A broad list of magazines is allotted about one-third of the budget, and newspapers receive a fairly sizeable share of the remaining dollars.

While Amtrak's goal is to reach a broad target audience — 18 years and older, earning $15,000 annually — it also has designed ads to attract ethnic groups, the military (since so many stations are near bases), the travel trade and senior citizens (which make up 20% of Amtrak's ridership). Mass media reaches all the targets so that many efforts overlap. But Amtrak spends as much as 15% of the overall budget among the black-oriented media. For example, it advertises on Black Entertainment Television and other black cable programing. Amtrak also advertises in national military publications and on-base cable. The travel trade's percentage of the total spending is small but Amtrak maintains a dominating presence in the books. Ads are also placed in magazines such as *Modern Maturity* to reach the older set.

Needham has overhauled Amtrak's media spending strategy too. It put the brakes on Amtrak's habit of scattering small ad dollars on a widespread basis in response to short-term market problems. Needham told Amtrak the only way it would ever know if advertising would work was to run a test of highly visible advertising in a concentrated market. Using tv, newspapers and radio to promote the new speedier turbolines between Chicago and Detroit, revenues immediately shot up 90%, and have since settled back to 70% increases.

The next phase was to convince Amtrak that it could repeat that pattern on a systemwide basis. Needham spent practically the whole budget — $850,000 — in only a few months to prove that it could also turn around the Metroliner. It was able to demonstrate that for every $1 of advertising Amtrak spent, it got $1.78 back in revenues.

The process was duplicated 10 more times, and all showed similar results. Only then did Needham approach Amtrak management to ask for the unheard of sum of $6 million to improve virtually the entire system, five hubs and 27 feeder markets.

Management agreed, but put in a tracking study for Los Angeles, the toughest market because of its citizens' love for cars. Before the Los Angeles flight of ads began, awareness in January, 1976 of Amtrak as a passenger carrier was 47%. And only 32% intended to climb aboard.

After the campaign, however, awareness jumped to 87% and the intent to ride rose to 47%. Most importantly, actual ridership grew by 27% so that there was not only a shift of attitudes but also a gain in the cash box.

A daring ad risk showed Amtrak that big-spending was not a wasted effort

The creative force behind ads for Amtrak, Michael Robertson, wants to surprise plane riders with how alike the train and its flying competitors really are.

"That was the turning point," according to Needham's Wallace, a member of the original team for Amtrak. "Since then Amtrak has been a believer in advertising."

While Amtrak is a convert to advertising's power, it may be years, however, before it can afford to match, much less outspend, its competition.

Amtrak's advertising dollars are only 4% of total spending for the mass transportation industry and 5% of airlines' budget. Additionally, the auto industry spends $1.6 billion annually to make the public automotive-savvy.

But Amtrak is already well ahead of most competitors by another measure. Ad dollars represent 5% of sales for Amtrak while the airline's typical percentage is 1% to 1.5%.

Amtrak, though, does need the extra spending power to implant itself firmly on the ground as a viable, self-supporting system. It's ridden to the halfway point, now it must signal ahead that the tracks are clear.

Rebecca Fannin

its products without emphasizing a particular age group. However, with the population aging, preservation, rather than the latest makeup shades, is becoming more important. The emphasis is shifting to treatment. Treatment, says one source, may further expand into body treatment products. Lancôme may segment its advertising along those age lines in the near future, said a former executive of the company.

L'Oreal has had a more tangled history. The hair products, which include Preference hair coloring, drooped until the line adopted the theme, "And I'm worth it." The hair line contributed $65 million to the bottom line in 1983. Ad expenditures were $12 million, with $8 million in network tv and the rest in magazines, a sizeable increase over the $6 to $7 million of just a few years ago.

But the industry itself is in less healthy shape. Last year, hair products grew at only 2%, half their normal growth rate. Price-consciousness is one factor attributed to a 10% growth rate in shampoos versus a minimal 1% growth in conditioners according to an industry source: more and more shampoos are reformulating to include a conditioner. This has had a devastating impact on brand loyalty. According to a recent R.H. Bruskin market study, only 47% of consumers use one brand regularly. Even worse, the brand doesn't matter at all for another 23%.

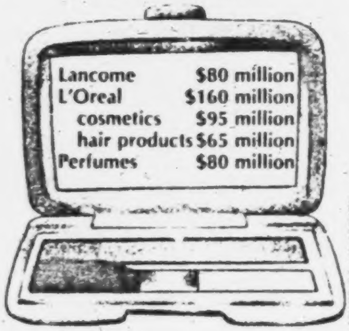
L'Oreal is "not complex in its goals," says a former executive of the company, who points out that L'Oreal is after hair coloring market leader Clairol's customer. Last year, Clairol spent more than three times L'Oreal's investment in advertising. But hair coloring is a no-growth, mature market, and some analysts, like Mottus, doubt that L'Oreal can improve its standing as a "distant second."

One area where the company has made some headway is with the new introduced mousse. The foam aerosol product takes an end-benefit ad approach, compared with the "brilliant image positioning" the line used to establish its hair color in the U.S. But the introduction of similar products by companies like Alberto-Culver, which spent $15 million on product ads, has led Cosmair to revise sales projections from $50 million to a still respectable $35 million for 1984.

The mass market L'Oreal cosmetics have not done as well as Lancôme — indeed sources pinpoint this part of Cosmair as the drain on profitability. The line, repackaged in-house in 1982, is poised for repositioning.

But L'Oreal's problems have less to do with the company than the competition and the market itself. Pitted against market leader Revlon, which spent close to $50 million behind its flagship, and Natural Wonder brand cosmetics, compared with L'Oreal's $17 million, the U.S. subsidiary still has only a 6% share in drug stores to Revlon's 20%.

1983 estimated sales
$330 million



Lancome	$80 million
L'Oreal	$160 million
cosmetics	$95 million
hair products	$65 million
Perfumes	$80 million

MICHAEL OKAMOTO

In other outlets, L'Oreal has "seen substantial growth but not enormous volume," according to a market trends analyst. Nail products, one of the company's strengths in the mass market and a line typical in its growth, grew 126% in unit volume but only increased its market share from 1.8% to 3.4%. Lipsticks, another area of strength for L'Oreal, have a similar brand loyalty problem to shampoos: more than half the users do not use one brand regularly.

Advertising has been getting more attention, though. The bulk of expenditures are in network tv ($15,071,000), supported with advertising in the women's books ($2,766,600). A former L'Oreal marketing executive says that expenditures, which more than doubled last year, will continue increasing at a rapid rate.

"The Revlon customer typifies L'Oreal's target audience," relates the former executive, who points to the younger slant of the L'Oreal ads.

Distribution is going to remain concentrated in the drug chains, where L'Oreal, says Mattus, is "firmly entrenched" as the "top of the line." He also adds that the line is ranked fifth or sixth among mass market cosmetics.

Meanwhile, the Warner acquisition caps an overall successful year for Cosmair. Analysts call the buy "a perfect fit," that should cause Cosmair to further flower. Cosmair's major weakness, up to this point, has been its fragrance line — a curious Achilles heel for a fundamentally French company. Of its major fragrances, Magie Noir, Fidji, and Anais Anais, only the latter has been successful in the States. Despite a proliferation of fragrances in recent years, the area tends to have a greater degree of brand loyalty than cosmetics, an observation supported by the $20 million Anais Anais squirted to Cosmair last year, only its second on the counter.

Warner's strength, on the other hand, is in Vanderbilt, called one of the most successful new fragrances in years. In 1983, when sales were flat for the mature industry, sales grew to $45 million from $30 million. Warner also owns the Ralph Lauren cosmetics line, which has so far been unsuccessful internationally. John Ledes, publisher of *Beauty Fashion* magazine, explains, "Warner is a disaster internationally. Now, they will be able to take their lines to a bone-crunching international marketing organization." Cosmair has announced that management will be led by George Friedman, regarded as "the best in the business."

The outlook for the industry overall is pale. The outlook for Cosmair, on the other hand, points to another year of aggressiveness in the marketplace: "They have been very selective in the way they have pursued expansion in the past," says Salomon Bros. analyst Diana Temple, "with attention paid to what was possible to do competitively."

What is sure is that competition will become even more ferocious if the overall growth rate continues to stagnate. "We're going to see how deep everyone's pockets are," predicts Mottus. Cosmair looks to be able to receive *beaucoup d'argent* for its drive to best the proud and powerful Estée Lauder. *C'est la guerre.*

Laura Konrad Jereski

include "just for the thrill of it," or "just for the fun of it."

The tactic of relying on spot tv was dictated by Coca-Cola USA's agreements with its bottlers to hold advertising for the new drink only to territories where it was available. That ruled out network television use. To get the widest reach, diet Coke concentrated on spot tv. Says Lamattina, "We didn't use cable. We were looking for the broadest possible coverage." For the most part, that decision also ruled out print. Spot radio and outdoor were also not high priorities.

John Fraser, account executive at SSC&B on diet Coke explains that the roll-out of caffeine-free diet Coke somewhat altered the original media strategy. "The introduction of caffeine-free, in some areas, came only three months after the introduction of diet Coke. That disrupted the schedule from a sustaining one and brought media levels up again." He adds that "we were in spot tv through all of 1983, and were still rolling-out in 20% of the country in the last half of 1983."

diet Coke 1983 advertising expenditures

Spot tv	$15,695,900
Spot radio	$ 571,200
Outdoor	$ 564,200
	$16,824,300

Tab 1983 advertising expenditures

Network tv	$13,606,200
Spot tv	$10,123,200
Spot radio	$ 185,700
Total	$23,915,100

Diet Pepsi 1983 advertising expenditures

Network tv	$ 8,814,500
Spot tv	$11,775,100
Spot radio	$ 1,186,000
Total	$21,775,600

Fraser also credits the media plan with holding down the sales cannibalization of Tab to lower than projected levels. (Coke executives were prepared to see 50% of Tab's drinkers defect to diet Coke. About 35% of the new drinks sales come from Tab buyers.) Print was not used because that would infringe upon the Tab franchise. "We positioned as far away from the Tab brand personality as we could," emphasized Fraser. Tab does use magazines and that's why we decided to keep diet Coke out of them. We counted on pure taste strategy to keep them apart." But, he says, "Diet Pepsi does have a taste theme, so with the taste issue we could cut more into Diet Pepsi's business than Tab's. We drove as wide a berth around the Tab position and franchise as we could," he notes. "In a sense, we're the victims of our own success."

However, several things will change this year. With the product now in national distribution, network television became the primary medium. The buy continues as orginally defined by Lamattina: "We're not going into any programing that is excessively violent. We don't want to be in anything really heavy. And we're not interested in scatter plan buys. That would indicate we're just interested in buying time; we're not. We'll go by the programing," he declares.

With diet Coke now in place, Dyson can get on with his three cola strategy. "This three cola strategy revolved around keeping all three brands in the right mix, he comments. "Tab is still one of the top selling brands in the U.S. The world-wide sales of Tab and diet Coke in 1983 exceed the world-wide sales of Tab in 1982 by 76%. The use figures are close to that." Dyson argues that "they all work in tandem. The positioning is different, and this gives us an absolute hammer lock on the market, and there's no way that we will relinquish that position."

As for media budgets in 1984, diet Coke's will probably increase by about 15%, projects Dyson. While regular Coke will continue to get the largest share of support, he advises that "we will see that diet Coke gets an absolutely free reign. We will continue to measure the market for awareness." Dyson assures that "if the brand continues to grow in share we will spend more. But there's no formula. It's a subjective judgement. That's what management is all about, judging from the gut."

Fred Gardner

This coupon entitles you to thousands of free shoppers

Why? Because your food ad reaches so much extra spending power in Syracuse that it's like getting thousands of extra food shoppers free. In fact, Syracuse spends an average of $1,474* per person on food, while the average market spends only $1,150.*

Let us show you why the Syracuse Newspapers are the best way to reach this profitable market. Send this coupon today.

**1983 S & MM Survey of Buying Power*

Syracuse.
More than you bargain for.

Mail to: Charles Vella, Syracuse Newspapers, Syracuse, NY 13221 or call 315-470-2089

Name

Address

City

State Zip

The Syracuse Newspapers

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The Post-Standard

the Honda Civic, Mazda GLC, Ford Escort, Nissan Sentra, and the Toyota Corolla. Its secondary competitors include the Honda Accord, Toyota Corona, Chevrolet Cavalier and Mazda 626. A second research session in 1981 canvassed 350 people to refine the car's positioning for advertising and marketing campaigns.

The clinics provided Grey with plenty of insights, but little direction on several crucial questions. Among the most important considerations were how the car should be positioned. There were several options. It could be seen as a domestic or as an import: an AMC or Renault model.

What was clear from the research was that the ads should stress the car's distinguishing characteristics, mainly its good value for the money. The Alliance carries a sticker price of $5,959. For example, the car offers high fuel-efficiency — garnering 52 mpg on the highway and 38 mpg in the city (the highest rate at that time). The car also features independent suspension and electronic fuel injection like the higher-priced European imports.

The car's pricing strategy was derived from a Renault principle — to provide more content at a competitive price, or equal content at a slightly lower price. Since the Alliance offers several things that its sub-compact competitors do not — among them pedestal seating, which allows more leg room and fuel injection — it was decided to go for a competitive price that represented good value, but would not cheapen the car.

Against this backdrop, Grey found that the Renault name ranked low in top-of-mind awareness. Only 2% of those queried could accurately connect the Renault title, while 34% could identify Chrysler and 60% recognized the Ford logo. AMC's awareness level was only slightly better than Renault's, but was steadily diminishing. (Renault is now known by 17% of the population, while AMC has climbed back to 21%.)

Several other factors complicated the decision on how the car should be positioned. For instance, while imports were perceived as offering higher quality, a patriotic backlash was developing. More consumers were saying that they would only consider purchasing a domestic vehicle. (Rising Japanese car sales and the subsequent loss of jobs here at home had taken their toll). Yet, the Alliance team had to grapple with the fact that the consumers most likely to buy their car had already bought at least one import model.

What they went with was a split decision. "We decided that if we went for import considerers, the Renault name would work well," remembers Maloof. "But we could further enhance the product if we said it was made in America. Then we could get the 'buy in America' people on our side." He adds that "they would have some reassurance that parts would be available for the car." (Indeed, Amer-

Sales figures for AMC/Renault

Domestic cars
1983 — 193,351
1982 — 112,433

Renault import sales
1983 — 33,229
1982 — 37,540

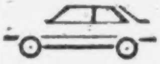
Jeep
1983 — 82,140
1982 — 63,761

Domestic car sales by model

Eagle
1983 — 31,207
1982 — 35,209

Alliance
1983 — 126,008
1982 — 30,173

Encore
1983 — 20,182
1982 — not sold



Spirit
1983 — 4,441
(phased out in 1983)
1982 — 16,182

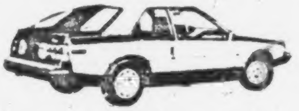
Concord
1983 — 11,518
(phased out in 1983)
1982 — 30,869

Renault import models

Le Car
1983 — 11,148
(phased out in U.S. in 1983)
1982 — 20,107

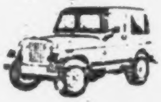
18I
1983 — 6,053
1982 — 7,559

Fuego
1983 — 16,028
1982 — 9,874
(its first year in U.S.)

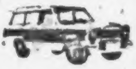


Jeep models

CJ
1983 — 36,308
1982 — 29,718



Grand Wagoneer
1983 — 19,155
1982 — 15,547



Scrambler
1983 — 4,678
1982 — 7,138

Cherokee
1983 — 4,165
1982 — 5,796

Jeeps introduced fall 1983
Cherokee XJ
1983 — 8,729

Jeep Wagon XJ
1983 — 4,842

stalled him as president in 1970. Just as quickly, Judge instituted a brand manager system. And, he also hired the man who succeeds him as president (he recently moved up to chairman), J. Robert Ave, as a group manager. High on the list of priorities was the resurrection of Newport, which had lost its puffers on the West Coast, and more than half of its market share.

Judge and Ave went back to the ad agency for Newport, Will Graham Advertising (which was purchased after Graham's death by MCA) to develop new marketing and advertising strategies. By then, the brand had retreated to just one area of strength, the Northeast. But out of that disappointing fact has come the local marketing approach that has been building share over the past 12 years.

The smoke was again reformulated and repositioned; this time it was given a flavor somewhere between the heavy menthol blast of Kool and the mild tang of Salem. The game plan, according to George Telford, group brand director, was to play the middle against both ends. "There are only three major free-standing menthols and we repositioned to pick up the smokers who were tired of the heavy menthol taste." To accompany this revamping, Will Graham headlined the slogan, "Alive with Pleasure."

Given the brand's small sales area, its limited budget was naturally allocated to local media. "Sixty-five percent of the budget was put into local media, and the rest invested in regional editions of national magazines," recalls Hammer. The mainstay of the media plan then — and still — is outdoor.

That media strategy was, and continues to be a perfect match for Newport's user profile, which is predominantly young adult with a strong appeal to black smokers. It's not that Newport went looking for those groups, notes Telford, "it's just the way it happened." Couples, mostly in fun-type action situations are usually depicted in ads. However, quite often, the frolicking twosomes aren't shown smoking. Explains Telford: "We strongly feel that the creative should be natural. Consequently, people are shown smoking only when they would be smoking. You don't smoke while you're snorkling. Also, we want the people in our ads to look real, not modely."

“Newport's creative is more up-beat and highly visible.”

DAWN SIBLEY
Media Director, MCA

Another factor in refining Newport's strategy is understanding the demographics of the Kool target audience. Most of Newport's increases are coming directly from Kool and other full flavor brands. Since blacks seem to favor menthol smokes, Newport does quite a lot of advertising and promotion to this group. Newport's management, based on input from the sales force, finds outdoor advertising very effective in appealing to a black audience.

Indeed, Telford and Hammer emphasize the degree to which the advertising and marketing thrust for Newport is dependent upon reports from the field sales force. "The brand grows in small pockets," points out Hammer. "Our strategy is to expand out from those pockets over a two or three year period and fill out sales in those areas."

The strategy worked: over the next four years, Newport sales expanded at an 11% rate. This was doubly encouraging because interest in the low tar low nicotine cigarettes was beginning to spark; and Newport was positioned as a full flavor brand. So having proved that a declining share trend could be reversed, Lorillard decided to raise its sights. "Management said, if you've got a winner in the Northeast, see what can be done with the rest of the country," states Hammer.

Newport 1983 advertising expenditures

Magazines	$ 5,323,800
Outdoor	$ 9,824,300
Newspapers	$ 486,600
Total	$15,616,700

In 1977-78, an experimental sales program was initiated in selected centers in the Southeast. Working with the same strategy — local media, emphasis on outdoor backed by regional editions of national magazines — double-digit growth was quickly rung up.

"The question then became how to increase the continued growth of the brand" says Hammer. "We were strong in the Northeast and Southeast, but not strongly supported by national media except for some national magazine spillout," he explains. "So we looked at population trends. We identified the sunbelt as the prime growth area."

But that meant Lorillard would have to own up to, and correct its past mistakes out West. "In the far West the brand had been totally forgotten," admits Telford.

Lorillard reintroduced Newport in San Francisco, Los Angeles and San Diego, with the same tactics. And with happier than previous results. The brand soon attained a two percent share. "From the point of view of the West, I see Newport as the best new brand in the country," declares Telford.

Signaling its growth, and competitive conditions, Newport has come out with multiple packings and line extensions. A Lights formulation was introduced in 1977 with significant success, Telford notes. "Extensions are often introduced to stop share erosion. In the case of Newport, it was done to gain share rather than to halt share loss."

The one sour note in Newport's family has been the poor performance of the non-menthol, red version. After a promising start, it failed to catch fire and Telford concedes that it confused the menthol smoker without bringing in the non-menthol smoker.

Newport's success, to a large degree, hinges on the local sales force, and its findings. "If a sales person says he or she can get the brand into a particular neighborhood, or try a different packing, we go along with it and pro-

Escapism is the third creative theme people saw — or at least wished — themselves in the ad.

Models were left out of the ads for this reason. Tests showed that the observer would talk about the people in the ad and forget about the scenery and the product. Says Ballard, "We didn't want to say that this is good for you only if you're six feet tall with a mustache. We wanted to say that this scenery belongs to you if you're eight foot tall or four foot tall."

Although Canadian Mist's price is lower than its rivals — thanks to the fact that the liquor is bottled in Louisville and hence saves in tax and transportation charges on the journey from Canada, and because it is lower proof — price is never mentioned in the advertising. The reason is simple: from the outset, Brown-Forman decided to position Mist as a quality alternative to V.O. and C.C. (drinkers of which are very quality conscious). The fancy bottle and the logo, "Canada at its Best," help to instill that impression. But when the consumer bought the whiskey, he would get his "pleasant surprise." This price/quality symbiosis helped generate trial usage in the early days when the brand was unknown and has done the same ever since.

Phases

In January, Canadian Mist broke a new campaign that featured a somewhat larger bottle than in previous ads. It is running as a gatefold in selected publications and as a full page in *USA Today*.

Unbeknownst to those who care about such things, this represents not only a significant departure for Canadian Mist's advertising — where "subtlety" has long been the watchword — but the culmination of a decade long program designated in phases. The new ad is part of "phase five" and is designed to increase "unaided brand awareness," long a thorn in Canadian Mist's perfectionist side.

Once again, research illuminated the flaw: when drinkers thought of "Canadian whiskey" many would say "V.O." or "Canadian Club" — even when they had Canadian Mist at home. The reason: both V.O. and C.C. have greater unaided awareness because they are more prestigious. "We joke that we have the greatest unknown brand success story," says Ballard.

Each of the four prior phases had their own distinct task:

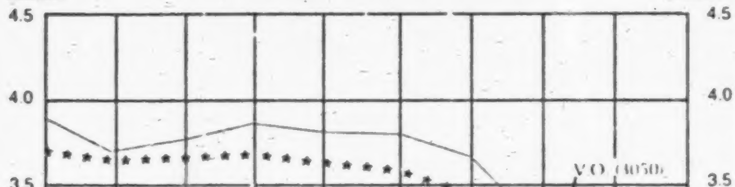
Phase one was initiated in 1971. At that time Canadian Mist was in its "fighter boy" status, as insiders refer to the old days. Distributers had never heard of the whiskey, nor had the consumer. The Brown-Forman sales force took to the field and began to build distribution. Meanwhile, management was looking for ways to increase the all-important trial usage. For the only time in its advertising history (except when at Barton's) the product's lower price was touted. Trial began to climb.

By the time phase two rolled around, Brown-Forman began to know more about their Canadian Mist customer — and knowing this, they knew where to find more of them. Essentially, each drinker has a "wardrobe" of drinks: not only do they drink whiskey on certain occasions, but they drink gin, scotch, beer, and other liquors on different occasions. "In our franchise the wardrobe is vast and varied," says David Edwards of McCann. Recognizing these habits, Canadian Mist's marketers built up usage by building the brand's *awareness*. Explains Ballard, "If you're ready to drink a whiskey, then Canadian Mist is your choice: that's our ideal."

Phase Three was devoted to social drinking. Two glasses were featured in the ads, and the tagline "Share some tonight" was employed.

Phase four took yet a different turn. Quality was the new catchword while Mist's marketers strove for equity with V.O. and C.C. "Canada at its Best" was featured more prominently in the ads and, for the first time, bleed was used in the magazine ads.

Sales of leading bottled Canadian brands
(Calendar Years — Mixed Sizes Cases)



Source: Business Week
* Numbers in parentheses indicate 1983 sales

C2430-3

JUNE 1984 • $3.00

MARKETING & MEDIA Decisions

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TODAY

The newest team in direct marketing: Guest editors Frank Vos, chairman and creative director, Frank Vos Co. and Kenneth Robbins, chairman, ceo, SSC&B. Page 62

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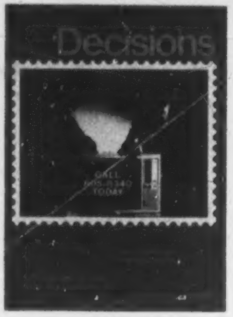

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Focus on ......

THE DOCTORS
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UPDATE

Horse racing loses the horse race

That all-American sport, baseball, claimed the greatest spectator attendance last year (see chart at right), edging out horse racing, which had in the previous 31 consecutive years, commanded the greatest number of eyes, according to the 37th annual survey conducted by the *Daily Racing Form.* (See: *Steerike . . . what happened when the baseball strike hit,*" September 1981, pg. 64.)

The statistics show that last year baseball drew a total attendance of 78,051,343, up 3,220,141, over the previous year.

That advance moved baseball about a length ahead of horse racing, which had a draw of 75,784,430 fans last year, down 1,834,077 from 1982.

The decline in audience attendance is attributed to a drop in the number of thoroughbred races scheduled throughout last year.

Overall, professional sports events attendance was up last year for the 11 major sports as totals soared to past the 370 million mark.

National Football League attendance also gained last year, with no strike to curtail the season. Attendance climbed to 13,277,222, an increase of over five million.

The World Football League, in its first season, drew 2,680,961. Overall, including NCAA football attendance, the sport drew 54,417,705 through the turnstyles last year.

Marketers and advertisers may look at the attendance data from opposing points of view: on the one hand, the figures show that interest in sports is gaining.

But on the other hand, the more people who attend games, the fewer who are home to watch commercials in the broadcasts of those games.

	1983		*Difference 1983 & 1982*
BASEBALL			
Major Leagues, 26 Teams	45,540,338	PLUS	952,464
Minor Leagues, 17 Circuits	18,560,690	PLUS	923,709
World Series and Play-Offs	1,053,818	minus	294,359
Colleges	12,896,497	PLUS	1,638,227
Totals	78,051,343	PLUS	3,220,041
RACING			
Thoroughbreds	50,169,430	minus	1,682,157
†Harness	25,615,000	minus	151,920
Totals	75,784,430	minus	1,834,077
FOOTBALL			
Collegiate, 651 Schools	36,301,877	minus	236,760
National Football League, 28 Teams	13,277,222	PLUS	5,909,784
U.S. Football League, 12 Teams	2,680,961	First Season 1983	
Post-Season Games, Colleges & Pros	2,157,645	minus	299,210
Totals	54,417,705	PLUS	8,054,775
BASKETBALL ('82-'83 Season)			
1266 Senior Colleges	31,471,135	PLUS	365,187
N.B.A., 23 Teams, Including Play-Offs	10,244,084	minus	472,220
Totals	41,715,219	minus	107,033
HOCKEY ('82-'83 Season)			
National Hockey League, 21 Teams	12,028,832	PLUS	258,990
†Minors & Colleges	8,256,882	minus	674,687
Totals	20,285,714	minus	415;697
GREYHOUND RACING	22,090,018	PLUS	592,030
†BOXING	7,144,747	minus	728,253
†WRESTLING	9,500,000	PLUS	2,315,100
†AUTOMOBILE RACING	55,122,329	minus	116,001
†SOCCER	8,400,348	minus	1,549,005
†TENNIS (Open)	4,200,000	PLUS	1,325,000

†Estimated, exact figures not available.

BBDO votes for people meters

The problems with meters were aired recently in a BBDO "Point of View" paper, as well as the problems with diaries. (See: *Acid test for people meters,* April 1984, pg. 74.)

The BBDO position paper states, "All told, we believe meters, especially the people variety, have definite advantages over diaries. Simply put: they are machines and thus not subject to human frailties of memory loss, esteem bias, laziness; they allow for data collection on a continuous basis which has ramifications for new program assessment, schedule performance, the sweeps concept in spot tv and commercial audience measurement; they may prove cost efficient compared to current household meter/household diary combination. "We recognize that meters do not represent the perfect measurement technique.

"But on the negative side, meter measurement: may pick up set tuning when no one is there; depending on implementation, may be more expensive technology which could impact on the cost of commercial time if the networks and stations continue to pay the freight; in the short run, could result in viewing patterns different from those we have been used to seeing."

But the BBDO paper notes, "We are probably already at or beyond the range where people can accurately recall and record all they have viewed while new broadcast options continue to expand.

FUTURES

Wntd: mktg vp w/pckg gds. exper.

The demand for marketing executives which picked up steam during the recession, is still going strong. Several executive search firms expect that demand will further heighten, pointing to a changed perception of marketing's role within the corporation.

Gary Kaplan, a vice president in the West Coast office of Korn/Ferry, says that demand has been consistent for the past two years, which he finds surprising. Normally, he explains, when the economy worsens, corporations cut back on marketing funds, and on personnel. "It's been viewed as a disposable," he adds. Not so in 1982, when the firm was "loaded with marketing requests." Since then, the firm has been busy filling requests from consumer and industrial corporations, for top and middle management.

He attributes the sudden shift to a different view of marketing, one that took hold in the midst of the recession. Corporations that had not considered it a strength began looking to marketers as a Band-Aid cure, "a panacea," that would help boost sales. Kaplan points to the consumer electronics industry, which learned it needed product life cycle, positioning and differentiation strategies, and recruited marketers from packaged goods companies.

"Marketing has become a viable area to get well-grounded business training, and to go up the ladder in," he says. Even in consumer companies, where sales and marketing have always provided a high percentage of the leadership, Kaplan says he is seeing a further tilt toward marketing.

Kaplan stresses that the change reflects a corporate need for individuals with more balanced backgrounds, and perspectives on the shifting competitive society. Where a new marketing position might have been created to give a company an edge, he says, the concern is now for effectiveness. He points to the many requests for general managers who have a solid marketing background. Kaplan doesn't think the new emphasis will change the structure of the corporation: "Marketing people like to think that they're more broad minded, but they face the same pitfalls," he says.

Russell Reynolds, a New York-based international search firm, found that companies are turning to marketing executives for long-term planning in "an increasingly competitive marketplace," according to a recent survey of 1,000 industrial and service companies.

Requests for sales and marketing executives increased 30%, according to Roger C. Bullard, managing director of the firm, who adds that the survey results "confirm our own experience."

Among the chief executive officers surveyed, 24% said they planned to hire more sales and marketing executives within the next year, and 29% noted that they planned additions in this area over the next five years. The most significant aspect of the survey, according to Bullard, was that the demand was not exclusively for sales and marketing departments: companies want chief executive officers, presidents, and other corporate executives with sales and marketing backgrounds.

This was also the conclusion of a study released by Heidrick and Struggles, the Chicago-based international search firm. The survey, conducted among 1,000 chief executives, compared their backgrounds with respondents of the 1980 survey, and found that the percent with a sales marketing background had risen from 28.4% to 31.2%.

The survey queried chief executive officers on their work conditions (hours, compensation, marital status, and corporate background), and on their perceptions of the future. Among the measures cited to improve Ameri-

Route to the Top

	All Companies	*All Industrials*	*Industrials by Size*			*All Non-Industrials*
			$2 bil or more	$1-1.9 bil	$999 mm or less	
Sales/Marketing	31.2%	28.6%	31.1%	33.4%	23.8%	34.1%
Finance/Accounting	25.4	20.1	20.7	24.2	17.5	31.2
Manufacturing/Operations	21.2	31.2	29.3	27.3	34.9	10.1
Engineering/Research	11.6	14.3	12.1	12.1	17.5	8.7
Legal	8.2	4.0	1.7	3.0	6.3	13.0
All Other	2.4	1.8	5.1	—	—	2.9
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Heidrick and Struggles, the search firm, found that more executives than ever come from a marketing/sales background.

FUTURES

(from 50)

can competitiveness, productivity was the most frequently mentioned problem, and developing more competent management, the second.

John Bassler, an associate with the firm, explains that dependence on marketing is "largely a function of the economy." He says that assignments to find marketing executives have increased in the past two years: "As the economy improves, senior executives see more opportunities to grow business through marketing." He does not feel that there has been a change in the perception of marketing, except in the home computer industry.

Bassler explains the popularity of marketing mavens for senior positions by pointing to the resurgence of the economy in the past year, adding that advertising expenditures have also boomed. (Total advertising expenditures are expected to increase 13% this year, to $84.6 billion, according to Doyle Dane Bernbach's Media Trends.)

Should demand for marketing executives persist, he concludes, "the marketing person will have to become more knowledgeable about finances, sales and possibly distribution."

How to get ahead by looking good

So you bought *Dress for Success* and nothing happened? You invested in a shelf-full of clothes-conscious books and got nothing but a headache from them? Maybe you should consider an image consultant.

The image consulting industry has been growing by leaps and bounds, from 36 firms listed in the 1978 directory, to 256 in 1984, according to Editorial Services Co., the New York-based firm that publishes the annual directory.

The directory divides the $102 million industry into two sections: speech/public appearance consultants and dress/image advisors. Speech training companies are by far the most lucrative, with combined 1983 revenues of $88 million since they cater to corporate clients rather then individuals. Most are concentrated on the East Coast (40% in the Northeast, 14% in the Southeast).

The clientele tends to come from companies (26% from large to medium corporations, 14% from small companies). Only 10% are looking for a job, 8% are politicians, and 5% broadcasters. Dress/color trainers appeal more strongly to women (90%), about half of whom work in corporations (23% in large to medium, 21% in small companies). This industry, dominated by women (89% of owners are women), is concentrated in the Northeast (22%) and Midwest (28%).

Jacqueline Thompson, who compiled the study, explains that the shift to a services economy means that more people need social skills for which they have no role model.

"It's also a function of the Baby Boom generation. There aren't enough jobs to go around, and everyone is searching for a little edge." The motivations vary, she says, citing as a typical candidate for image consulting an accountant from a lower-middle-class background who may not have been exposed to corporate dress habits.

"For women, there are time reasons for getting a dress consultant. They are executives and they have families, and they may simply not have the time to do their own shopping."

Fees range from $60 or less for a personal shopper, to $10,000 for a complete corporate speech training program.

Target the maturity market through the local publications which serve them best . . .

- More than 60 local and regional newspapers and magazines
- Total circulation available of more than two million copies
- Select markets, publications to meet your marketing need — no added premium
- Your lowest CPM in the 55-plus local market
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El Cajon, California 92020-1986

"Of the 64 publications surveyed by Mendlesohn, the top four delivering the most affluent readers per copy are *Town & Country, Architectural Digest, Financial World*–and HBR."

Harvard Business Review

New York, NY (212) 972-0740
Boston, MA (617) 495-6182

them beyond mere vehicle exposure for years. In 1961, the Advertising Research Foundation detailed the concept of various communication stages from vehicle distribution, to sales response. As recently as last month, Timothy Joyce of MRI in his excellent report on "Page Exposures" reaffirms Paul Chooks' (chairman of the board of the ARF) 1983 statement that our focus today remains on stage two — vehicle exposure. You don't need research to know that an ad in *USA Today* has a meaningful advantage in stage three — ad exposure.

You can't even, when casually flipping pages, miss a four-color unit in this paper.

USA Today is extremely confident when advertisers run coupons or 800 number response requests. I know why. ■

MAGAZINES

By DEBORAH SOLOMON

Supervisor, media research,
Leo Burnett, Chicago.

Foreign circulation

Many U.S. magazines are sold in other countries. In some cases, this foreign circulation amounts to a substantial number of copies. However, many products are not distributed outside of the U.S.

Consequently, in developing a magazine plan, it might be helpful to take foreign circulation into account.

We studied the Audit Bureau of Circulations (ABC) Publishers Statements (pink sheets) for 108 major consumer magazines and found that 12 publications or 11% had foreign circulation that accounted for more than 10% of their total circulation. This "foreign circulation" which includes civilian and military personnel overseas as well as Canada and other countries, is important to know because it is included in the rate bases of many magazines.

The following chart shows the 12 magazines with total circulation consisting of 10% or more foreign circulation. Eight of these magazines include foreign circulation in their rate bases. In most cases, this circulation is primarily Canadian.

Magazines with over 10% foreign circulation

Magazine	Foreign Circ.	% of Total Circ.	Foreign Circ. included in rate base?
National Geographic	2,013,018	18.9%	U.S. edition available
Penthouse	585,339	15.8	Yes
Fortune	108,390	15.5	N. American edition includes Canada
Gourmet	86,057	13.3	Yes
Omni	104,542	12.9	Yes
Modern Bride	39,714	11.7	no set rate base
Vogue	152,252	11.5	No
Science Digest	68,259	11.5	Yes
National Lampoon	52,295	11.3	Yes
Discover	101,556	10.8	Yes
Life	166,970	10.8	Yes
Road & Track	79,302	10.6	Yes

Source: ABC Publishers Statements for 6 months ending December 31, 1983.

Another way to look at foreign circulation is to look at the number of copies sold outside the U.S. Of the 108 magazines examined, 15 had foreign circulation in excess of 150,000 copies. The total circulation of most of these publications, however, was so large that foreign circulation accounted for only a small percent of the total. All but three of these publications (*National Geographic*, *The Star* and *Vogue*), include foreign circulation in their rate bases.

Magazines with over 15,000 foreign circulation

Magazine	Foreign Circ.	% of Total Circ.	Foreign Circ. included in rate base?
National Geographic	2,013,018	18.9%	U.S. Edition Available
Penthouse	585,339	15.8	Yes
Playboy	505,302	9.9	Yes
National Enquirer	459,773	9.1	Yes
Family Circle	409,392	4.9	Yes
Woman's Day	370,473	4.5	Yes
Good Housekeeping	352,938	6.1	Yes
The Star	317,685	7.6	No
Cosmopolitan	230,474	7.2	Yes
Life	166,970	10.8	Yes
Glamour	164,136	6.5	Yes
People	161,879	5.9	Yes
Reader's Digest	155,393	0.9	Yes
Popular Science	154,027	8.2	Yes
Vogue	152,252	11.5	No

Source: ABC Publishers Statement for 6 months ending December 31, 1983.

It should be noted that many of these magazines do not need the foreign circulation to meet rate base. For example, *Cosmopolitan*'s average circulation for six months ending December 31, 1983 was 3,038,400 on a rate base of 2,350,000. The average circulation bonus of 688,400 was greater than the foreign circulation of 230,474 (which was based on the August 1983 issue). This held true for all issues of *Cosmopolitan* during the period.

This study showed that it is important to remain aware of how much circulation a magazine has outside the U.S. and if that figure is used to establish the rate base.

A high amount or percentage of foreign circulation does not automatically mean a given magazine is inefficient. It is a criteria, however, which should be noted. ■

Test market for food? Springfield is No. 1 in sales per household among "The Big 7" New England metros!

DATA SERVICE
The Survey of Buying Power
1983

The Survey of Buying Power, 1983.

Right! The Springfield Newspapers reach 84% of the metro market!

Morning Union
budget clears first
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Morning Union. Daily News. Sunday Republican.

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- No. 1 in A.D.I. coverage in New England.
- No significant infiltration by out-of-town newspapers.
- Distribution center for drug products, soft drinks, liquors.
- Buying headquarters for 76% of food sales.

Call Joseph V. Ascioti (413) 788-1027

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Largest in Massachusetts Outside Boston

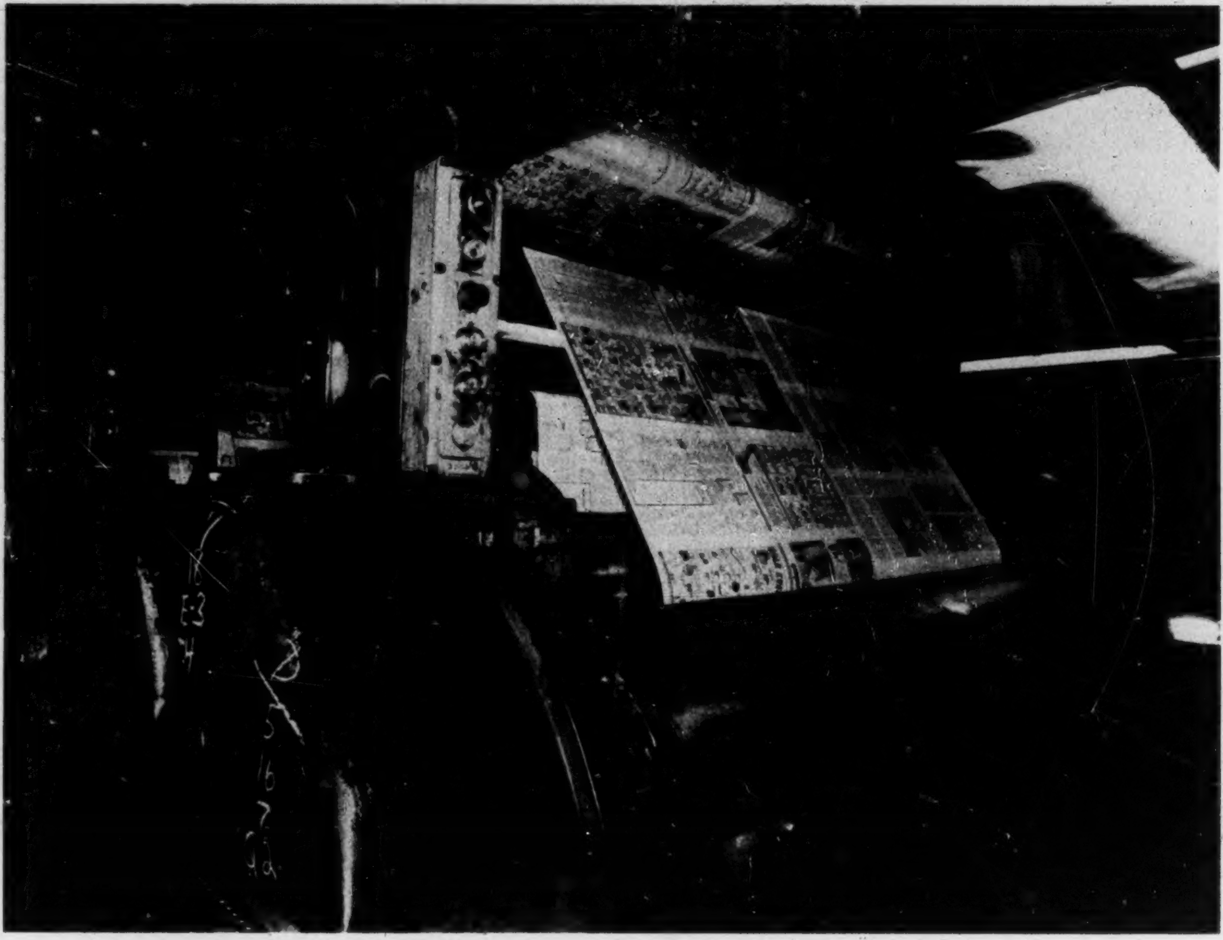


Photo: Stuart Gross; New York Daily News Plant

1983 brand leaders in newspapers

A few large national advertisers dominated national newspaper space in 1983, although some use was made of the medium by a long list of advertisers. And the growing use of co-op coupon units attracted new users into the papers. Biggest users continued to be cigarette, airline, automotive and food advertisers. This is the first and exclusive publication of new Media Records compilations of use of national newspaper advertising in 1983.

1983 brand leaders in newspapers

National advertisers treated newspapers very well in 1983, according to the Newspaper Advertising Bureau. Newspapers received a record volume of advertising, running 11.6% ahead of the 1982 tally.

Last year, the total climbed to $2,734,000,000, as compared to $2,450,000,000. A backward glance shows the yearly total increasing steadily, from figures of $1,963,000,000 in 1980, and $2,265,000,000 in 1981.

Category leadership continued in the hands of automotive manufacturers ($326,322,000), followed at a distance by cigarette marketers ($251,932,000), and airlines (247,747,000). Automotive advertisers increased their newspaper spending as 1983 closed on an upbeat sales note for the troubled industry. The increase, however, is less than one percent.

Cigarette advertisers took off in the opposite direction reducing national space use by 19.7% in dollar figures. RJR's Salem brand accounted for one third of that drop with a sharply diminished buy of newsprint, while a decline in new product introductions also took its toll. Cigarette marketers' use of newspapers has fallen 18.1% in 1982 from the previous year.

Airlines, overall, posted a 3.5% gain on the basis of a mixed performance. Domestic advertising was down 6.6%, but was offset by international carriers, who invested an additional 24% over their 1982 total. Newspaper use declined by cargo carriers 18% on a small base.

Among the other categories, some new trends emerged. Office equipment advertisers more than doubled the $40 million they invested in newspapers in 1982, to post a 138% increase on a $96.5 million expenditure. Part of that increase was contributed by computer manufacturers. The expenditure of leading makers and importers is included for the first time as a category in this report.

In the smaller travel categories, bus lines, steamship lines and railroads all advertised more in newspapers. Steamship lines invested another 20.5% to run up a total of $76,681,000 for ocean-going voyages, and bus lines invested $10,817,000 to lure more people into highway travel.

Television and radio stations didn't spend as much last year to encourage people to stop, look and listen, as that category total dropped 8.2% to $140,985,000. The total had gone up 15.8% the year before.

Household appliance marketers, experiencing a turnaround year, pushed their newspaper investment up by 28.6%. Refrigerator and dishwasher advertising soared by 457% to $2,475,000. Less than half a million had been spent the year before. High fidelity and component manufacturers took increased advantage of newspapers with a 24.3% increase and a total of $29,051,000.

Ironically, in a year in which direct marketing turned in a strong performance, newspaper use was down 8.7%, from $70,607,000 to $64,464,000.

The data that follow is published exclusively by *Marketing & Media Decisions* under an arrangement with Media Records. What we show, however, is just the tip of the iceberg — activity among the leaders and the summaries of expenditures by classifications and by the leading 100 corporate spenders in national newspaper space.

The full report is available from Media Records, 370 Seventh Avenue, New York NY 10001, for $1,050. Product classification reports range from a high of $305 for a complete class breakout (food for example) to $110 for a food sub-class.

The record is presented in four parts in one volume: classification totals; 100

Newspapers' automotive dollars 1983: Where they come from

			Total (100%)		Percent of auto total (100%)		
Rank	Brand	1983 Newspaper investment	Truck pick-ups campers	Auto	Factory	From dealer assn.	Local dealer
1.	**Ford**	$31,714,000	9%	91%	33%	20%	47%
2.	**Chevrolet**	23,472,000	7	93	12	7	81
3.	**Cadillac**	22,780,000	—	100	7	6	87
4.	**Dodge**	16,985,000	16	84	20	6	84
5.	**Chrysler**	14,168,000	—	100	31	4	65
	Top 5#						
6.	**Toyota**	12,571,000	12	88	18	4	78
7.	**Oldsmobile**	12,167,000	—	100	10	15	75
8.	**Buick**	10,036,000	1	99	16	13	71
9.	**Datsun**	9,276,000	35	65	20	11	69
10.	**Honda**	6,891,000	—	100	32	5	63
	Top 10#						
11.	**Lincoln**	9,109,000	—	100	11	27	62
12.	**Mercury**	6,692,000	—	100	37	39	24
13.	**Mercedes-Benz**	6,586,000	—	100	54	1	45
14.	**Pontiac**	6,062,000	—	100	18	7	75
15.	**Jaguar**	5,885,000	—	100	48	12	40
	Top 15#						
16.	**Volkswagen**	5,702,000	1	99	46	28	26
17.	**American**	4,955,000	5	95	23	35	42
18.	**BMW**	4,761,000	—	100	39	28	33
19.	**Porsche/Audi**	3,934,000	—	100	48	32	20
20.	**Saab**	3,829,000	—	100	77	5	18
	Top 20#						
21.	**Volvo**	3,767,000	—	100	60	6	34
22.	**Subaru**	2,689,000	—	100	16	8	76
23.	**Renault**	2,643,000	—	100	10	34	56
24.	**Mitsubishi**	2,383,000	4	96	23	26	51
25.	**Mazda**	1,971,000	59	41	31	6	63
	Top 25#						

Source: Media Records

leaders with corporate totals; 100 leading companies with brand breakouts; and individual brand breakouts within classifications.

Automobiles

Ford again parks itself at the top spot among the automotive manufacturers with $31.7 million. This figure includes passenger car factory dollars, dealer associations, local dealers, plus trucks, vans, campers. Taking out trucks, et al. (9%), the total drops to $29 million (91%) for automobiles alone.

In the overall count, Chevrolet measures in at second place with $23.5 million, with Cadillac fitting into the third spot.

But take out the 7% Chevrolet allotted to trucks and rec vehicles, and Cadillac takes over the number two automobile spot, confirming the comeback of full-size cars. In dollars, it is $22.8 million for Caddy and $22 million for Chevy.

Ford's automobile (passenger car) dollars originate as follows: Factory — 33%; dealer associations — 20%, and local dealers — 47%. Both Cadillac and Chevy generate the bulk of their passenger car dollars from local dealers. The accompanying table shows this distribution for the top 25 makes.

The five-year trend shown in the table of the three leaders presents a varying pattern for Ford, an upward trend for Cadillac since 1979, and an up/down line for Chevrolet. Over the long haul, all three are up.

Whether total automotive spending or passenger cars alone, six of the top 10 are up for 1983; four are down. In the second 10, the pattern changes — nine advanced and one (Volkswagen) cut back.

Two of the top 25 entries in 1982 failed to make the list this year. The dropouts were Peugeot and Fiat. Taking their place were Mitsubishi, up from $600,000 to $2.4 million, and Mazda with a slight dip to $1.97 million.

Cigarettes

As a class, cigarettes are still the second leading investor in national newspaper space.

And the 1983 leaders are newcomers to the cigarette display case in the continuing effort to erode share points, or even fractional points, from each other. The industry claims that their advertising is designed to make a smoker switch brands — not generate new smokers.

The leading brand in national newspaper advertising in 1983 was Philip Morris's one-year-old Player's brand. Reynolds took the next five places (in order of newspaper ad volume) with: Bright (its second year), Century (another first-timer), Camel, More and Winston. Brown & Williamson showed up with Barclay, in the number seven spot. Marlboro (Philip Morris) was eighth, Kool (B&W) was ninth and Vantage, another Reynolds entry, took the tenth slot.

The leader, Player's, with no comparative 1982 experience, invested $23.9 million compared with almost $31 million for the 1982 leader, Salem. Reynolds' Bright, second ranked with $22 million, was up from $10.2 million in 1982. Century was supported with $14.5 million in newspaper ad dollars.

Camel, at $13.8 million in 1983 (up from $11.3 million in 1982) reversed its emphasis. Most of the brand's identifiable dollars went to the regular product — $8 million against $5.7 million. In 1982 Lights received $7.7 million against $3.4 million for regulars.

Salem, first in 1982 with $31 million in ad expenditures, dropped to 11th place with $9.7 million. Winston, its geographical companion from Reynolds, dropped from fourth to sixth with $12.1 million against $19.6 million.

American Tobacco brands were conspicuous because of their absence. Only Lucky Strike ($2.2 million), and Carlton (under $1 million), showed activity. The famous old-timers — Pall Mall and Tareyton — remain unsupported in newspapers.

Top 20 cigarette brands expenditures in newspapers — 1983

Rank	Brand	Newspaper investment
1.	Player's	$ 23,945,000
2.	Bright	21,980,000
3.	Century	14,472,000
4.	Camel	13,801,000
5.	More	13,536,000
	Top 5	**$ 87,734,000**
6.	Winston	$ 12,108,000
7.	Barclay	11,720,000
8.	Marlboro	11,062,000
9.	Kool	11,031,000
10.	Vantage	10,953,000
	Top 10	**$144,608,000**
11.	Salem	$ 9,731,000
12.	Merit	9,286,000
13.	Satin	8,836,000
14.	Kent	8,508,000
15.	Now	8,415,000
	Top 15	**$189,384,000**
16.	Benson & Hedges	$ 8,127,000
17.	Virginia Slims	4,241,000
18.	True	3,838,000
19.	Richland	2,222,000
20.	Lucky Strike	2,208,000
	Top 20	**$210,020,000**
	All other	**$ 41,912,000**
	Total	**$251,932,000**

Airlines

The big three in newspaper advertising among the airlines were Delta ($31.8 million, up from $24.7 million), Eastern ($22.5 million, up from $21.6 million) and TWA ($21.9 million, up from $19.8 million).

The relative gains, in the same order, were: 28.7%, 4.2%, 10.6% — a wide variance.

TWA, in the number three spot, traded places with Pan Am, now fourth. The Pan Am newspaper investment surged in both 1981 and 1982 but dropped to $19 million in 1983 from $23.6 million in 1982, a decrease of 19.5%. The remainder of the top 10 lined up in this order: American, Republic, Continental Northwest Orient, U.S. Air, United.

In its search for international traffic, Delta allotted 16% of its total to reach overseas-inclined travelers. Eastern assigned 35% of its total to this end; in a reversal of last year's proportions, TWA spent 60% of its total in this direction. In 1982 the split was 65%-35%.

The foreign carriers entered the ranking at the 15th spot, spending (in rounded numbers) from a little over $3 million (British Airways) to a little over a million for the smallest investor.

Among the cargo carriers, Emery (at $1.3 million) led, followed by Federal Express, at $896,000 and United Parcel Service with $160,000.

Computers

Computers figured in as an exciting source of new national newspaper ad dollars. The 1983 total was $65.2 million, of which 92.5% was invested by 17 brands that spent more than half a million dollars. Their total was $60.3 million, more than four times as much as in 1982. The top spender was Texas Instruments with $16.7 million, up from $3.2 million in 1982. IBM tallied

$7.3 million, up from $4.9 million. Third spot went to Epson with $6.3 million, up from almost nothing ($72,000) in 1982.

Foods

Media Records shows detailed data for 22 sub-classes in the food category, which is the third ranked in newspapers after the usual leaders, transportation and tobacco.

Excluding beverages (tea, coffee, soft drinks), the leading food categories are cereals, condiments, confectionery and snacks, dairy products, fruits and vegetables, prepared dishes, shortening/oils/margarine. Here is a quick rundown of the 1983 newspaper activity among the leaders:

Bakery products: Nabisco and Pepperidge Farm again placed one/two in the rankings, followed by Arnold products which took over the third spot from Sunshine.

Nabisco with a 13% increase, reached $3.3 million. Pepperidge Farm came in at $751,000, down 30% from its 1982 outlay.

Arnolds, in its move into third, more than doubled its investment over 1982 reaching $541,000. Sunshine, at $338,000, spent about half its 1982 investment.

Cereals: Kellogg's continues to dominate this category with its ever-changing list of cereals. Its 1983 newspaper outlay of $2.4 million was up 17% over 1982. General Mills' $1.7 million was a tremendous increase over 1982's $420,000. Heavy emphasis was placed against Cheerios and Wheaties (almost a million dollars against nothing identifiable in 1982). Post cereals, at $296,000, was down one-third from 1982. Its pattern over the past five years has been up and down — mostly down.

Condiments: Only Hunt's remains of 1982's top three. It was joined by Prego (the leader) and Heinz (number three). Prego's $1.3 million was up from $155,000 in 1982. Hunt's, at $1,134,000, was down 4.7% from the previous year. Heinz, at $904,000, has shown consecutive increases since 1980 and is closing in on the million mark, last hit in 1979.

Confectionery/snacks: The three leaders in 1983 showed increased use of newspapers. M&M/Mars is down from its peak of $2.5 million in 1980, but is back in the million class ($1,077,000). In 1982 the outlay was $700,000; in 1981 only $194,000 was invested. Hershey with $1,066,000 is a close second and has been touching around the million mark for the past three years. Mauna Loa nuts has showed consecutive increases since it was first reported in 1980 at $43,000. Last year it reached $470,000.

Dairy products: Kraft is again the leader in 1983 with an investment of $1,125,000, down 39% from its recent peak of $1.8 million in 1982. Sealtest, with an increase of 120% to $1,086,000, took over second place from American Dairy Association in 1982. Coffee Mate is the third member of this group with $657,000, reversing a decrease reported for 1982.

Fruits and vegetables: Ore-Ida potatoes is again the top spender but cut its 1982 outlay by half for a total of $421,000. This action reversed an upward trend evidenced in recent years. California Avocado Commission came in a close second at $402,000, almost doubling its 1982 expenditure. Birds Eye vegetables made the third spot despite a decrease of $12,000 to $313,000.

Meats-fish-poultry: Hormel, again tops in this group, continued its upward interest in newspapers with a 34% increase to $4,299,000. Keeping it company in the second spot, Banquet increased its investment to $1,440,000 from 354,000 in 1982. Wilson is still among the million-dollar investors ($1,092,000) but is down from $1,345,000 in 1982. Perdue and Swift, both million-dollar spenders in 1982, dropped well below this mark in 1983.

Prepared dishes: In the area of prepared foods, there was a complete change of names in the top spots. Now holding forth as the 1983 leader is Jeno's frozen products with a four-fold increase to $508,000. Buitoni frozen products ranked second with $300,000, up from practically nothing in the previous two years. On-Cor Frozen Entrees took third spot, tripling its 1982 outlay to reach $299,000.

Shortenings-oils-margarines: Imperial products moved into the top spot with a 17% increase to $560,000. Following behind are Mazola products, up 67% to $457,000. Wesson Oil remains in third position despite a 24% cut to $332,000.

Soft drinks

Pepsi-Cola, more than doubling its 1982 expenditure, took top spot with $5,198,000. Coca-Cola, last year's leader, showed a 68% increase, giving it second place with $4,267,000. Seven-Up moved back into the million-dollar class ($1,760,000), up from $684,000 in 1982.

Lotteries

Michigan, New York and Massachusetts are the top contributors to newspaper ad volume in 1983 among lottery sponsors. However, each cut its outlay from 1982. Michigan's $1,081,000 was off 25%; New York's $793,000 was off 14%, and Massachusetts' $437,000 was off 6%.

Couponers

With Vlasic in the lead and Blair not too far behind, co-op couponing (free-standing inserts) took off in 1983. The average investment of these two in 1982 was $37,000,000; in 1983 it rose to $59,000,000. The third major factor, Newspaper Co-op Couponing, was down 11% to $36,230,000.

Incidentally, the money invested by the individual participants is not included in the individual company/brand totals. However, money spent in the national and local supplements is allocated advertiser by advertiser.

Mail order

Big dollars emanate from the direct response advertisers in newspapers — particularly among the leaders. Franklin Mint again led with $8,340,000 down slightly from 1982. Shopping Mart at $5,253,000 was up 57% and Spencer Gifts' $4,118,000 was up 10%.

Magazines

TV Guide more than tripled its outlay for newspaper advertising, rising to $4,362,000. *Time*, last year's leader, was off 20% to $1,803,000. In third place was *People* magazine, off 16% to $921,000.

Radio/tv stations

ABC continued its long-time commitment to newspapers with an investment of $10.2 million, off slightly from 1982. The cuts by the other two network operations were more dramatic. NBC's $7.8 million was off 31%; CBS, with $8.4 million, was off 20%. ■

1983's top 100 newspaper advertisers; Here's what they spent.

Rank	1982 Investments	1983 Investments
1. Reynolds, R. J., Industries, Inc.	$123,175,000	$112,343,000
2. General Motors Corp.	86,965,000	88,579,000
3. AT&T	34,467,000	71,995,000
4. Morris, Philip, Inc.	83,794,000	65,272,000
5. Ford Motor Co.	45,583,000	49,603,000
6. Chrysler Corp.	29,597,000	31,846,000
7. Delta Airlines, Inc.	24,665,000	31,810,000
8. RCA Corp.	28,273,000	31,716,000
9. British American Tobacco Ltd.	42,894,000	27,803,000
10. Loews Corp.	22,645,000	22,533,000
11. Eastern Airlines, Inc.	21,625,000	22,461,000
12. Trans World Corp.	19,857,000	21,925,000
13. Pan American World Airways Inc.	24,078,000	19,202,000
14. Texas Instruments Inc.	3,319,000	16,872,000
15. CBS Inc.	15,918,000	15,829,000
16. Warner Communications Inc.	18,876,000	15,718,000
17. Xerox Corp.	5,779,000	13,824,000
18. American Airlines, Inc.	18,813,000	12,790,000
19. Toyota Motor Sales Co., Ltd.	15,611,000	12,571,000
20. GTE Corp.	1,621,000	12,414,000
21. Texas Air Corp.	10,575,000	12,390,000
22. American Express Co.	11,840,000	12,337,000
23. General Electric Co.	6,054,000	12,220,000
24. International Business Machines Corp.	9,488,000	11,720,000
25. Republic Airlines Inc.	9,585,000	11,660,000
26. Sony Corp. Of America	5,041,000	11,620,000
27. Esmark, Inc.	1,864,000	11,550,000
28. U.S. Government	9,634,000	11,548,000
29. Time Inc.	20,187,000	11,428,000
30. American Broadcasting Companies Inc.	10,299,000	10,304,000
31. Volkswagen of America, Inc.	16,025,000	9,947,000
32. Procter & Gamble Co., The	8,539,000	9,830,000
33. Nissan Motor Corp., U.S.A.	9,743,000	9,444,000
34. Northwest Orient Airlines	8,494,000	9,147,000
35. Greyhound Corporation, The	2,888,000	8,926,000
36. Digital Equipment Corp.	1,239,000	8,837,000
37. Seiko Corp. of America	1,299,000	8,733,000
38. Seagram, Joseph E., & Sons, Inc.	9,851,000	8,477,000
39. American Motors Corp.	6,059,000	8,315,000
40. Honda Motor Co., Ltd.	6,957,000	8,059,000
41. Holland American Cruises	7,831,000	7,929,000
42. Cunard/NAC	5,232,000	7,469,000
43. Sitmar Cruises	5,994,000	7,403,000
44. Carnival Cruise Lines	4,227,000	7,191,000
45. Dart & Kraft, Inc.	6,976,000	7,067,000
46. Mobil Corp.	8,046,000	7,045,000
47. USAIR	8,085,000	6,720,000
48. Mercedes-Benz of North America, Inc.	3,843,000	6,595,000
49. Nabisco Brands, Inc.	6,225,000	6,174,000
50. Coca-Cola Company, The	4,425,000	6,037,000
51. PepsiCo, Inc.	$ 2,853,000	$ 6,002,000
52. British Leyland Motors, Inc.	4,686,000	5,895,000
53. American Brands Inc.	8,903,000	5,815,000
54. Beatrice Foods	5,869,000	5,683,000
55. General Mills, Inc.	4,242,000	5,621,000
56. Pleasant Hawaiian Holidays	2,334,000	5,572,000
57. UAL Inc.	5,997,000	5,432,000
58. United Steamship Co., The	931,000	5,426,000
59. Liberty Travel Inc.	3,853,000	5,361,000
60. General Tire & Rubber Co., The	1,829,000	5,327,000
61. Apple Computers Inc.	2,235,000	5,231,000
62. MCA Inc.	4,594,000	5,165,000
63. Eastman Kodak Co.	3,826,000	5,163,000
64. Western Airlines, Inc.	4,693,000	4,980,000
65. Southwest Airlines Co.	2,001,000	4,878,000
66. Horn & Hardart Co., The	5,977,000	4,816,000
67. Bavarian Motor Works	5,578,000	4,761,000
68. Norwegian Caribbean Lines	3,953,000	4,715,000
69. Nelson Doubleday, Inc.	3,907,000	4,658,000
70. Texaco Inc.	1,621,000	4,693,000
71. Unilever U.S.	5,337,000	4,689,000
72. United Technologies Corp.	4,617,000	4,669,000
73. Campbell Soup Co.	3,322,000	4,641,000
74. Royal Caribbean Cruise Line, Inc.	2,600,000	4,580,000
75. Frost Co.	3,209,000	4,516,000
76. Triangle Publications, Inc.	1,517,000	4,505,000
77. Carefree David Vacations	1,680,000	4,481,000
78. Rapid-American Corp.	4,150,000	4,427,000
79. Hormel, Geo. A., & Co.	3,241,000	4,389,000
80. Grandmet USA, Inc. (Liggett Group-1982)	4,278,000	4,375,000
81. Piedmont Aviation, Inc.	2,491,000	4,3[illegible]0,000
82. General Foods Corp.	4,700,000	4,201,000
83. Anheuser-Busch, Inc.	3,291,000	4,158,000
84. Hewlett-Packard Co.	1,242,000	4,110,000
85. Timex Corp.	2,637,000	3,901,000
86. Kimberly-Clark Corp.	1,167,000	3,870,000
87. Brown-Forman Distillers Corp.	4,572,000	3,841,000
88. Saab-Scania Of America, Inc.	2,691,000	3,829,000
89. Princess Cruises Inc.	4,587,000	3,801,000
90. Volvo of America Corp.	3,154,000	3,767,000
91. Royal Viking Line	3,454,000	3,761,000
92. Exxon Corp.	3,387,000	3,443,000
93. Home Lines Cruises, Inc.	3,143,000	3,374,000
94. Arthur S. DeMoss Foundation	——	3,366,000
95. Estée Lauder, Inc.	2,685,000	3,307,000
96. Kellogg Co.	2,696,000	3,257,000
97. Carnation Co.	3,632,000	3,191,000
98. Ralston Purina Co.	2,589,000	3,170,000
99. ITT Corporation	3,038,000	3,162,000
100. Maytag Company, The	4,107,000	3,150,000
Total top 100 newspaper advertisers		**$1,196,693,000**

Top brand spenders in national newspaper space

	1983	1982	1981	1980	1979
Airlines					
Delta	$31,810,000	$24,665,000	$21,653,000	$20,410,000	$18,117,000
Eastern	22,461,000	21,625,000	23,670,000	20,161,000	12,568,000
TWA	21,852,000	19,776,000	17,354,000	17,440,000	11,005,000
Aluminum-paper products					
Glad	859,000	503,000	104,000	458,000	424,000
Ziploc bags	624,000	473,000	535,000	342,000	58,000
Dixie products	612,000	298,000	61,000	26,000	77,000
Amusements					
Disney	977,000	552,000	602,000	360,000	342,000
20th Century-Fox	615,000	621,000	149,000	61,000	42,000
Henry Ford Museum & Greenfield Village	254,000	24,000	16,000	—	—
Auto lease-rental					
Hertz	8,429,000	4,682,000	5,053,000	4,550,000	4,366,000
Avis	3,655,000	2,245,000	3,609,000	1,320,000	2,481,000
National	2,215,000	1,230,000	1,097,000	1,173,000	1,230,000
Auto parts-accessories					
Delco	2,556,000	950,000	215,000	71,000	93,000
Gabriel shocks	890,000	1,028,000	678,000	82,000	225,000
Sony car radio	668,000	29,000	—	60,000	—
Automobiles					
Ford	28,967,000	28,015,000	28,820,000	15,199,000	21,777,000
Cadillac	22,780,000	16,752,000	13,522,000	9,621,000	10,862,000
Chevrolet	21,992,000	28,754,000	27,515,000	18,780,000	21,738,000
Bakery goods					
Nabisco	3,308,000	2,932,000	2,678,000	418,000	432,000
Pepperidge Farm	751,000	1,069,000	1,288,000	651,000	955,000
Arnold	541,000	217,000	176,000	276,000	284,000
Beers					
Amstel Light	2,697,000	1,464,000	10,000	—	—
Budweiser	2,242,000	1,929,000	939,000	258,000	214,000
Miller	1,556,000	490,000	173,000	98,000	49,000
Books					
Times books	2,684,000	963,000	144,000	558,000	747,000
Doubleday	2,147,000	1,693,000	1,542,000	1,280,000	1,538,000
Literary Guild	1,210,000	1,524,000	1,444,000	1,202,000	1,272,000
Bus lines					
Greyhound	5,824,000	1,209,000	908,000	838,000	526,000
Trailways	1,235,000	896,000	652,000	620,000	—
Blue Bird Coach	585,000	441,000	201,000	111,000	50,000

Estimates prepared by Media Records in 125 markets representing 82% of U.S. total

Cameras-photo supplies					
Kodak	$ 5,105,000	$ 3,650,000	$ 2,401,000	$ 3,180,000	$ 1,975,000
Polaroid	1,923,000	1,388,000	2,267,000	900,000	2,420,000
Clark Color	1,803,000	1,904,000	1,203,000	898,000	559,000
Cereals					
Kellogg's	2,395,000	2,044,000	2,457,000	3,263,000	4,011,000
General Mills	1,746,000	420,000	457,000	335,000	314,000
Post	296,000	443,000	151,000	269,000	374,000
Cigarettes					
Players	23,945,000	—	—	—	—
Bright	21,980,000	10,194,000	—	—	—
Century	14,472,000	—	—	—	—
Coffees					
Sanka	895,000	655,000	508,000	946,000	809,000
Nescafe	820,000	668,000	593,000	634,000	1,396,000
Maxwell House	681,000	1,188,000	1,827,000	2,032,000	1,966,000
Condiments					
Prego	1,345,000	155,000	257,000	17,000	—
Hunt's	1,134,000	1,190,000	879,000	212,000	927,000
Heinz	904,000	758,000	677,000	551,000	1,105,000
Confectionery-snacks					
M&M/Mars	1,077,000	700,000	194,000	2,528,000	1,688,000
Hershey	1,066,000	911,000	1,233,000	264,000	358,000
Mauna Loa Nuts	470,000	456,000	272,000	43,000	—
Couponers					
Vlassis Impact Inserts	61,735,000	38,951,000	23,439,000	13,456,000	9,791,000
Blair Inserts	56,738,000	34,233,000	21,748,000	11,666,000	7,929,000
Newspaper Coop Couponing (Market Corp. of America)	36,230,000	40,751,000	3,546,000	2,677,000	2,139,000
Dairy products					
Kraft	1,125,000	1,841,000	1,221,000	1,119,000	694,000
Sealtest	1,086,000	493,000	709,000	365,000	297,000
Coffee Mate	657,000	327,000	590,000	62,000	—
Dental supplies					
Crest	889,000	47,000	124,000	12,000	728,000
Colgate-Palmolive products	536,000	151,000	1,617,000	324,000	377,000
Reach toothbrush	367,000	592,000	548,000	329,000	162,000
Farm & garden products					
Snapper (McDonough/Fuqua)	3,799,000	2,667,000	2,156,000	1,815,000	1,619,000
Toro	2,887,000	2,387,000	1,843,000	1,950,000	1,880,000
Michigan Bulb	2,357,000	2,640,000	2,068,000	2,024,000	1,407,000
Floor coverings					
Armstrong	959,000	1,640,000	1,290,000	698,000	1,294,000
Congoleum	653,000	495,000	78,000	372,000	130,000
Lee's carpets	377,000	428,000	330,000	639,000	646,000
Fruits-vegetables					
Ore-Ida potatoes	421,000	841,000	536,000	144,000	254,000
Calif. Avocado Comm.	402,000	205,000	25,000	27,000	103,000
Birds Eye vegetables	313,000	325,000	411,000	180,000	175,000

Top brand spenders in newspaper space (cont.)

	1983	1982	1981	1980	1979
Gas-oil					
Mobil	$ 6,475,000	$ 7,226,000	$ 8,105,000	$ 5,631,000	$ 5,61[illegible],000
Texaco	1,868,000	1,619,000	2,667,000	2,956,000	1,143,000
Exxon	1,808,000	1,304,000	1,110,000	2,617,000	3,808,000
Heating-plumbing equipment					
Kero-Sun heaters	1,213,000	2,443,000	1,281,000	561,000	66,000
Carrier	763,000	1,093,000	460,000	242,000	345,000
Amana	309,000	90,000	139,000	24,000	24,000
Home building materials-tools					
Shopsmith tools	1,504,000	869,000	711,000	505,000	192,000
Black & Decker tools	721,000	387,000	811,000	739,000	—
Armstrong ceilings	580,000	35,000	93,000	909,000	948,330
Insurance—Life					
Physicians Mutual	1,705,000	1,657,000	1,184,000	841,000	719,000
New York Life	1,463,000	2,267,000	1,405,000	1,214,000	1,129,000
Gerber Life	1,244,000	761,000	451,000	1,199,000	1,140,000
Jewelry—Watches					
Timex	3,296,000	2,292,000	1,386,000	2,104,000	1,628,000
Seiko	1,252,000	1,299,000	1,698,000	632,000	93,000
Rolex	778,000	20,000	320,000	—	—
Jewelry—Other					
Oneida silverware	309,000	592,000	188,000	110,000	90,000
Gorham silverware	278,000	—	—	—	—
Swank	222,000	156,000	228,000	285,000	175,000
Liquors					
Wild Turkey	1,858,000	1,466,000	1,598,000	149,000	1,555,000
Schenley	1,804,000	1,306,000	868,000	569,000	442,000
Seagrams	1,516,000	3,418,000	2,395,000	4,397,000	3,324,000
Lotteries					
Michigan State	1,081,000	1,449,000	1,341,000	1,148,000	1,107,000
New York State	793,000	923,000	900,000	2,245,000	1,648,000
Massachusetts State	437,000	465,000	553,000	513,000	434,000
Magazines					
TV Guide	4,362,000	1,409,000	677,000	672,000	765,000
Time	1,803,000	2,256,000	2,442,000	2,034,000	1,826,000
People	921,000	1,090,000	672,000	386,000	594,000
Mail Order					
Franklin Mint	8,340,000	8,678,000	9,041,000	8,270,000	6,280,000
Shopping Mart	5,253,000	3,344,000	2,083,000	1,555,000	1,459,000
Spencer Gifts	4,118,000	3,728,000	3,426,000	6,477,000	5,880,000
Meats-fish-poultry					
Hormel	4,299,000	3,203,000	3,328,000	2,208,000	1,945,000
Banquet	1,440,000	354,000	—	—	78,000
Wilson	1,092,000	1,345,000	434,000	199,000	271,000

Estimates prepared by Media Records in 125 markets representing 82% of U.S. total

Motorcycles					
Yamaha	$ 2,445,000	$ 1,900,000	$ 316,000	$ 137,000	$ 58,000
Suzuki	1,915,000	920,000	118,000	——	145,000
Honda	1,191,000	1,797,000	419,000	36,000	51,000
Office equipment					
Texas Instruments	16,857,000	3,260,000	1,094,000	1,065,000	150,000
Xerox	13,824,000	5,779,000	5,045,000	3,103,000	1,476,000
IBM	11,567,000	7,228,000	2,629,000	2,843,000	1,718,000
Paints					
Sherwin Williams	647,000	353,000	457,000	204,000	148,000
Dutch Boy	456,000	134,000	123,000	89,000	88,000
Glidden	394,000	342,000	720,000	389,000	297,000
Pet foods					
Purina	1,565,000	2,163,000	974,000	1,468,000	1,244,000
Alpo	776,000	247,000	116,000	233,000	20,000
Kal Kan	596,000	495,000	408,000	109,000	509,000
Phonographs-records-tapes					
RCA	8,723,000	6,996,000	5,480,000	265,000	1,365,000
Columbia	7,959,000	7,153,000	5,994,000	6,186,000	4,452,000
Sony	6,397,000	3,910,000	3,509,000	3,112,000	1,199,000
Prepared dishes					
Jeno's Frozen Products	508,000	128,796	153,000	227,000	242,000
Boitoni Frozen Entrees	300,000	——	19,000	137,000	137,000
On-Cor Frozen Entrees	299,000	95,000	38,000	——	29,000
Public utilities					
AT&T	23,610,000	4,426,000	1,280,000	2,336,000	1,225,000
New York Telephone	7,733,000	6,565,000	2,105,000	3,229,000	2,388,000
Southwestern Bell	5,284,000	4,274,000	2,494,000	2,693,000	1,405,000
Radio-tv sets					
RCA	3,936,000	2,991,000	3,587,000	3,175,000	2,422,000
Zenith	963,000	865,000	1,910,000	1,633,000	2,842,000
G.E.	461,000	816,000	450,000	183,000	214,000
Radio-tv stations					
ABC	10,228,000	10,241,000	10,240,000	11,808,000	10,891,000
NBC	7,816,000	11,383,000	13,727,000	15,488,000	12,839,000
CBS	6,695,000	8,424,0[illegible]	8,658,000	7,870,000	8,388,000
Railroads					
Amtrak	5,979,000	5,358,000	3,741,000	2,115,000	3,942,000
Burlington Northern	550,000	407,000	389,000	1,147,000	385,000
Southern Pacific	454,000	15,254	56,000	29,000	82,000
Real estate					
B. K. Haynes Corp.	998,000	462,000	335,000	90,000	——
Admiral Walk (Edgewater, NJ)	738,000	536,000	31,000	——	——
General Development Corp.	654,000	245,000	590,000	489,000	226,000
Refrigerators-freezers					
G.E.	957,000	46,000	240,000	68,000	25,000
Whirlpool	203,000	165,000	205,000	268,000	288,000
Frigidaire	157,000	——	——	11,000	——

Top brand spenders in newspaper space (cont.)

	1983	1982	1981	1980	1979
Soft drinks					
Pepsi-Cola	$5,198,000	$2,410,000	$1,659,000	$ 917,000	$ 536,000
Coca-Cola	4,267,000	2,535,000	2,191,000	1,204,000	857,000
Seven-Up	1,760,000	684,000	1,087,000	1,993,000	2,409,000
Steamship lines					
Holland American	7,929,000	7,831,000	3,789,000	4,555,000	3,037,000
Sitmar Cruises	7,403,000	5,994,000	3,107,000	1,840,000	1,499,000
Carnival Cruises	6,876,000	3,194,000	1,042,000	237,000	115,000
Stoves-ranges-dishwashers					
G.E.	2,182,000	655,000	394,000	364,000	757,000
Sharp Microwave Oven	881,000	595,000	198,000	106,000	73,000
Kitchen Aid	766,000	1,012,000	1,041,000	406,000	732,000
Sugar substitutes					
Equal	724,000	282,000	—	—	—
Sweet n' Low	457,000	251,000	78,000	39,000	—
Nutrasweet	13,000	—	—	—	—
Tours-travel service					
American Express	7,226,000	8,557,000	5,059,000	2,168,000	2,020,000
Liberty Travel Service	5,356,000	3,853,000	3,312,000	2,155,000	2,618,000
Pleasant Hawaiian	5,572,000	2,334,000	1,183,000	1,507,000	625,000
Trucks-campers-vans					
Datsun	3,204,000	2,923,000	1,418,000	411,000	152,000
Ford	2,747,000	3,578,000	959,000	1,702,000	2,787,000
Dodge	2,637,000	1,792,000	1,290,000	730,000	1,159,000
Video games					
Atari	4,224,000	6,830,000	1,361,000	103,000	26,000
Activision	1,323,000	254,000	—	—	—
Mattel Intellivision	674,000	4,805,000	186,000	—	—
Vitamins-tonics-reducing aids					
Nutrition Headquarters	2,657,000	2,156,000	1,695,000	1,634,000	1,082,000
Mannan Trim diet tablets	1,614,000	416,000	—	—	—
Nature Made vitamins	1,117,000	587,000	723,000	484,000	202,000
Washers-dryers					
G.E.	543,000	—	—	71,000	73,000
Whirlpool	407,000	318,000	248,000	353,000	441,000
Maytag	98,000	23,000	111,000	89,000	259,000
Wearing apparel					
Ralph Lauren	2,174,000	1,747,000	843,000	304,000	437,000
Hush Puppies	1,876,000	1,290,000	1,636,000	964,000	789,000
Maidenform	1,816,000	867,000	482,000	1,342,000	1,435,000
Wines					
Codorm IU	649,000	—	—	—	—
Freixenet	643,000	70,000	18,000	—	—
Incomparable Wines of France	500,000	291,000	53,000	48,000	—

Estimates prepared by Media Records in 125 markets representing 82% of U.S. total

NATIONAL ADVERTISING INVESTMENTS IN NEWSPAPERS IN 1983-1982

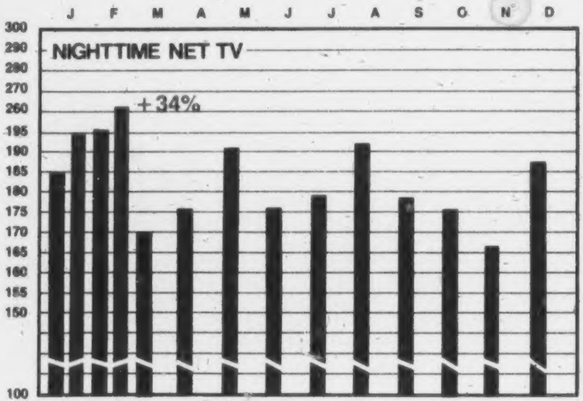
Selected classifications, projected to U.S. totals by Media Records (© 1983)

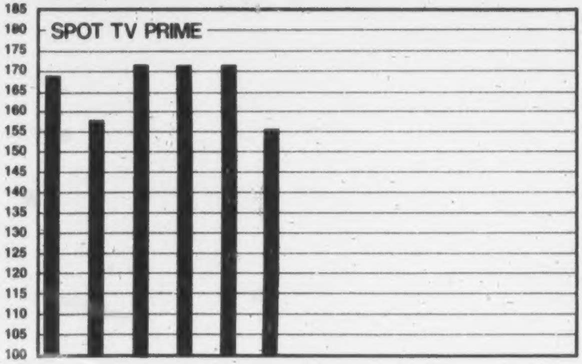
Classification	1983	1982	Gain or loss
GENERAL			
Alcoholic Beverages	**$ 104,425,000**	**$ 98,981,000**	**+5.5%**
Beers	19,720,000	15,605,000	+26.4
Wines	9,728,000	8,022,000	+21.3
Liquors	74,977,000	75,354,000	−0.5
Automotive Total	**$ 433,361,000**	**$ 403,969,000**	**+7.3**
Gasoline & Oil Companies	18,770,000	22,975,000	−18.3
Leasing & Rentals	50,115,000	36,601,000	+36.9
Parts, Accessories & Supplies	13,326,000	11,303,000	+17.9
Passenger Cars (New)	326,332,000	312,279,000	+4.5
Trucks, Trailers & Mobile Homes	22,730,000	19,561,000	+16.2
Automotive Not Elsewhere Classified	2,088,000	1,250,000	+67.0
Farm & Garden	**37,080,000**	**33,526,000**	**+10.6**
Foods	**187,098,000**	**183,070,000**	**+2.2**
Baby Foods	359,000	519,000	−30.8
Bakery Goods	15,045,000	14,555,000	+3.4
Baking Mixes, Flour & Ingredients	2,265,000	2,031,000	+11.5
Beverages	41,651,000	36,821,000	+13.1
Coffee	4,709,000	6,865,000	−31.4
Tea	1,939,000	1,490,000	+30.1
Fruit & Vegetable Juices	8,023,000	8,562,000	−6.3
Soft Drinks — Carbonated — Diet	5,173,000	1,536,000	+236.8
Soft Drinks — Carbonated — Non Diet	16,902,000	13,697,000	+23.4
Miscellaneous Beverages	4,905,000	4,671,000	+5.0
Cereals	6,821,000	4,520,000	+50.9
Condiments	9,731,000	10,142,000	−4.1
Confectionery & Snacks	10,863,000	9,460,000	+14.8
Dairy Products	22,881,000	19,391,000	+18.0
Desserts & Dessert Ingredients	1,239,000	3,330,000	−62.8
Fruits & Vegetables	7,041,000	9,030,000	−22.0
Macaroni Products — Uncooked	1,837,000	1,647,000	+11.5
Meats, Fish & Poultry	25,400,000	24,158,000	+5.1
Prepared Dinners & Dishes	10,544,000	11,289,000	−6.6
Shortenings, Oil & Margarines	10,488,000	12,296,000	−14.7
Soups	1,195,794	2,143,000	−44.2
Sugars, Syrups & Jellies	3,654,000	2,788,000	+31.1
Miscellaneous Foods	16,084,000	18,950,000	−15.1
Franchise Offers	**9,011,000**	**6,159,000**	**+46.3**
Help Wanted	**66,298,000**	**46,149,000**	**+43.7**
Hotels & Resorts	**150,288,000**	**126,316,000**	**+19.0**
Hotels, Motels & Resorts	104,072,000	87,017,000	+19.6
Resort Area Development	46,216,000	39,299,000	+17.6
Household Supplies	**41,723,000**	**40,557,000**	**+2.9**
Aluminum & Paper Products	7,120,000	7,085,000	+0.5
Disinfectants & Insecticides	4,673,000	3,712,000	+25.9
Home Building Materials & Tools	10,218,000	10,882,000	−6.1
Paints, Wall Coverings & Other Finishes	4,367,000	5,312,000	−17.8
Soaps, Cleansers & Polishes	10,187,000	8,429,000	+20.9
Miscellaneous Household Supplies	5,158,000	5,137,000	+0.4

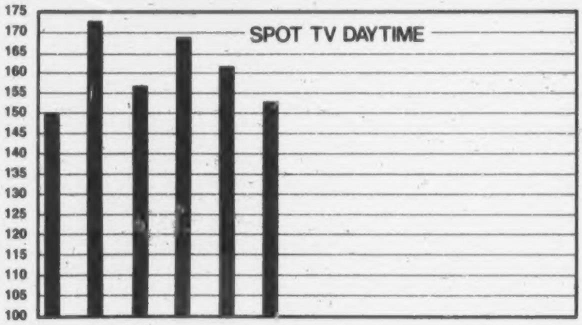
Classification	1983	1982	Gain or loss
Household Equipment & Appliances	**$ 77,017,000**	**$ 59,899,000**	**+28.6**
Air Conditioning	5,016,000	5,209,000	−3.7
Phonographs, Records, Tapes & Recorders	29,051,000	23,372,000	+24.3
Radio & TV Sets	10,227,000	7,946,000	+28.7
Ranges, Stoves & Dishwashers	6,292,000	7,183,000	−12.4
Refrigerators & Freezers	2,475,000	444,000	+457.4
Small Electrical Appliances	5,309,000	2,645,000	+100.7
Washers & Dryers	2,152,000	772,000	+178.8
Misc. Household Equipment & Appliances	16,495,000	12,328,000	+33.8
Industrial	**127,128,000**	**67,872,000**	**+87.3**
Aircraft & Equipment	2,140,000	3,836,000	−44.2
Industrial Area Development	3,913,000	3,239,000	+20.8
Office Equipment & Stationery Supplies	96,576,000	40,510,000	+138.4
Industrial Materials & Machinery	10,228,000	11,757,000	−13.0
Miscellaneous Industrial	14,271,000	8,530,000	+67.[illegible]
Insurance	**47,220,000**	**45,845,000**	**+3.0**
Life, Health & Medical	40,553,000	40,311,000	+0.6
Fire, Casualty & Other	6,667,000	5,534,000	+20.5
Jewelry, Watches & Silverware	**9,608,000**	**7,686,000**	**+25.0**
Mail Order	**64,464,000**	**70,607,000**	**−8.7**
Medical Products & Drugs	**33,710,000**	**26,135,000**	**+29.0**
Cold, Cough & Sinus Remedies	5,116,000	2,039,000	+150.9
Digestive Aids & Laxatives	1,101,000	494,000	+122.9
Headache Remedies & Sedatives	1,302,000	2,723,000	−52.2
Vitamins, Tonics & Reducing Aids	19,789,000	13,308,000	+48.7
Medicated Skin Products	1,412,000	1,900,000	−25.7
Miscellaneous Medical Products & Drugs	4,990,000	5,671,000	−12.0
Public Service Utilities & Communications	**135,731,000**	**68,585,000**	**+97.9**
Publishing & Media	**209,147,000**	**211,687,000**	**−1.2**
Books	33,042,000	32,077,000	+3.0
Magazines	27,954,000	22,175,000	+26.1
Newspapers	7,166,000	3,857,000	+85.8
Radio & TV Stations	140,985,000	153,578,000	−8.2
Tobacco	**256,766,000**	**315,991,000**	**−18.7**
Cigars	964,000	865,000	+11.4
Cigarettes	251,932,000	313,738,000	−19.7
Tobacco & Smoking Accessories	3,870,000	1,388,000	+178.8
Toiletries & Toilet Goods	**35,740,000**	**33,426,000**	**+6.9**
Transportation	**470,363,000**	**420,570,000**	**+11.8**
Airlines	247,747,000	239,347,000	+3.5
Domestic	144,707,000	154,932,000	−6.6
International	99,872,000	80,542,000	+24.0
Cargo	3,168,000	3,873,000	−18.2
Bus Lines	10,817,000	5,720,000	+89.1
Railroads	8,856,000	7,943,000	+11.5
Steamships	76,681,000	63,636,000	+20.5
Tours & Travel Service	120,859,000	96,533,000	+25.2
Miscellaneous Transportation	5,403,000	7,391,000	−26.9

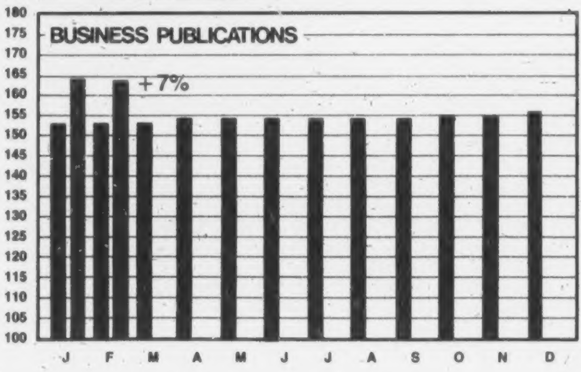
MEDIA COST INDEX

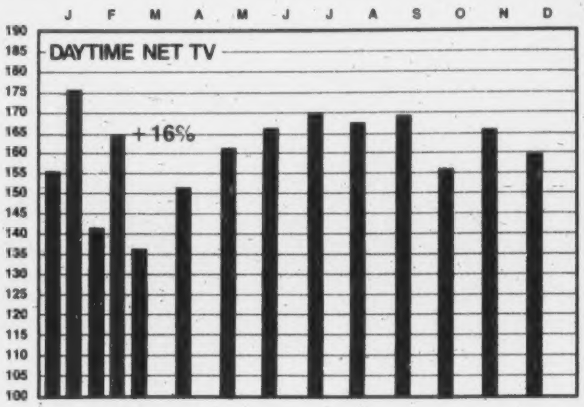
Black bars index for 1983; color bars 1984; base year 1977











As expected, the Winter Olympics had its effect on **network tv prime time** costs. How much? While individual buys could vary in extent of increase, the entire prime time spectrum came in at 34% above the level of February '83. A quick look at the March data indicates that things are more normal — a month-over-month increase of about 10%.

Daytime network tv registered a 16% increase for February in the month-over-month comparison. This was a rise of four points over the January level.

For the second month running, **network radio** came in below its 1983 levels — off 1% in February, following a 5% decline in January.

The spread among the print media ranges from +7% to +22%, with most of the components showing no change from January.

The exception is **consumer magazines** which report a 9% increase, following 8% in January.

The other print media show increases as follows: **outdoor** — +10%; **newspapers** — +9%; **national supplements** — +22%, and **business publications** — +7%.

The spot broadcast media remain unreported, but there are a couple of champions in the wings hoping to do battle.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

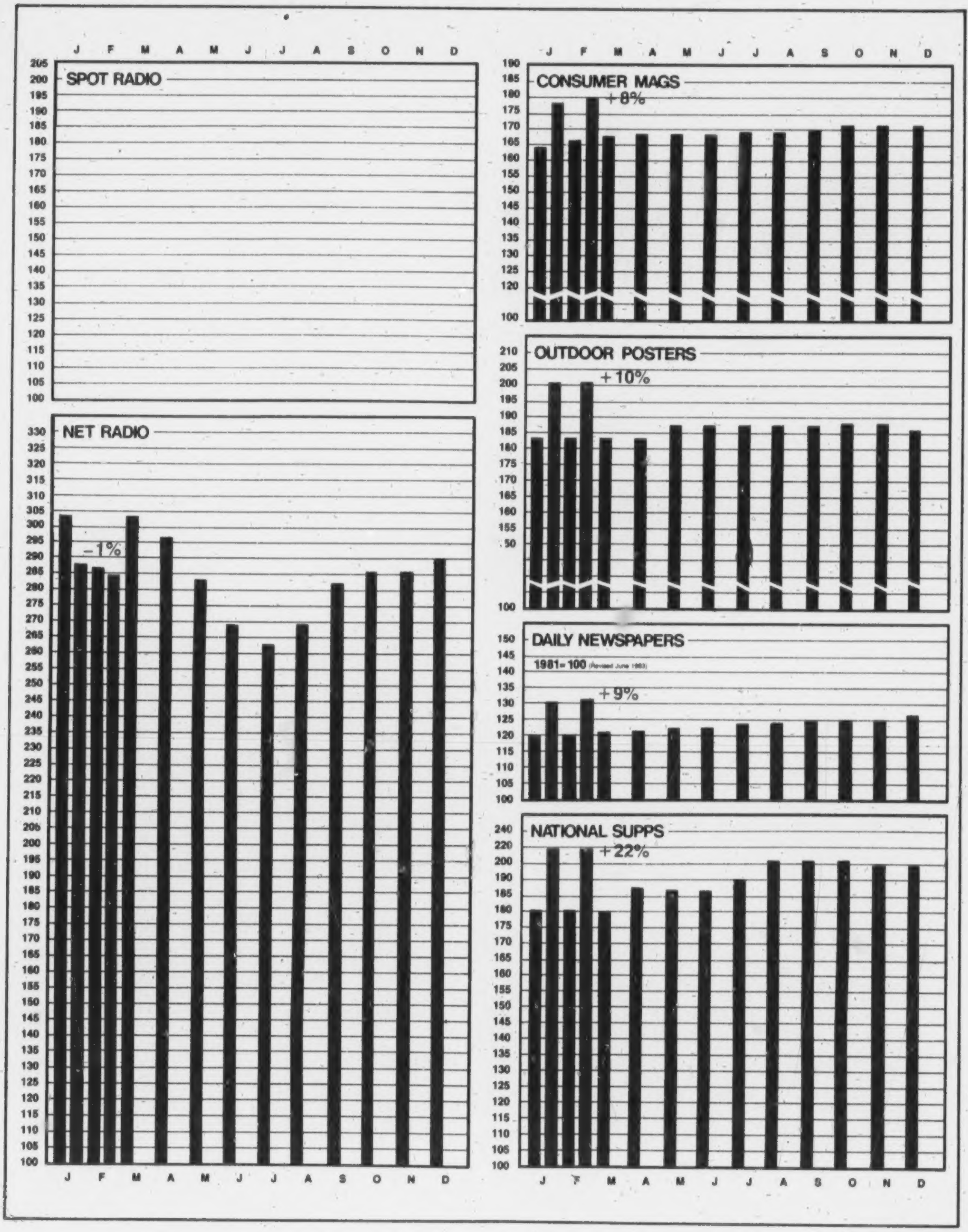
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



MARKETING & MEDIA Decisions

JULY 1984 • $3.00

GUEST EDITOR TOM MAU
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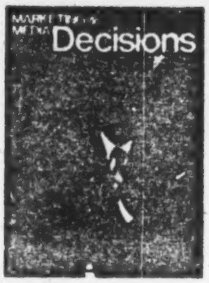

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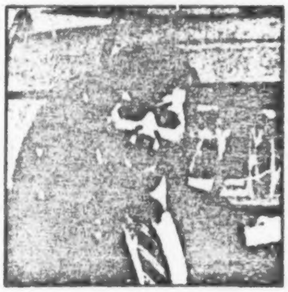

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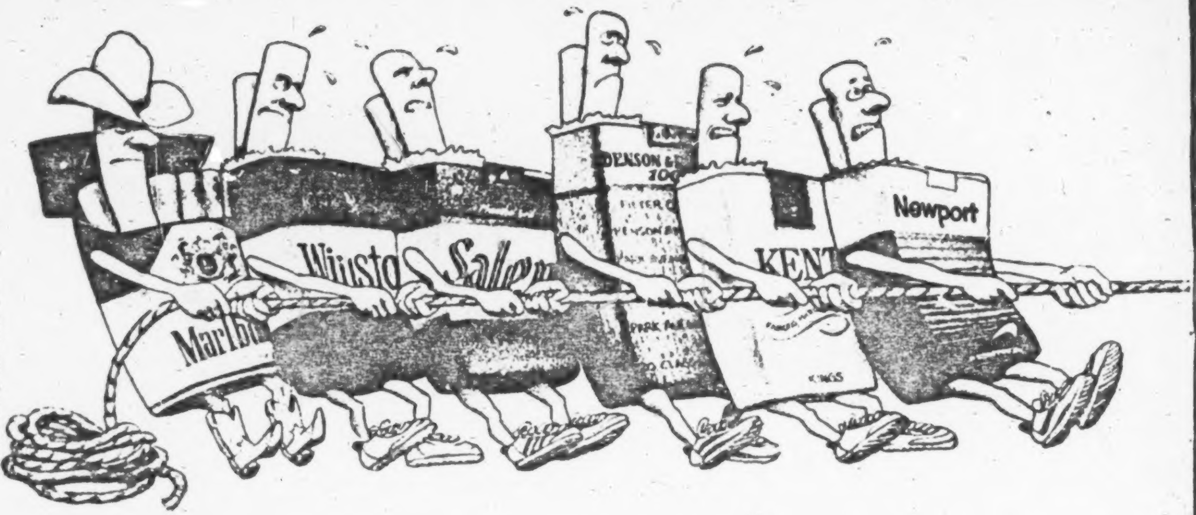


Illustration by Michael Okamoto

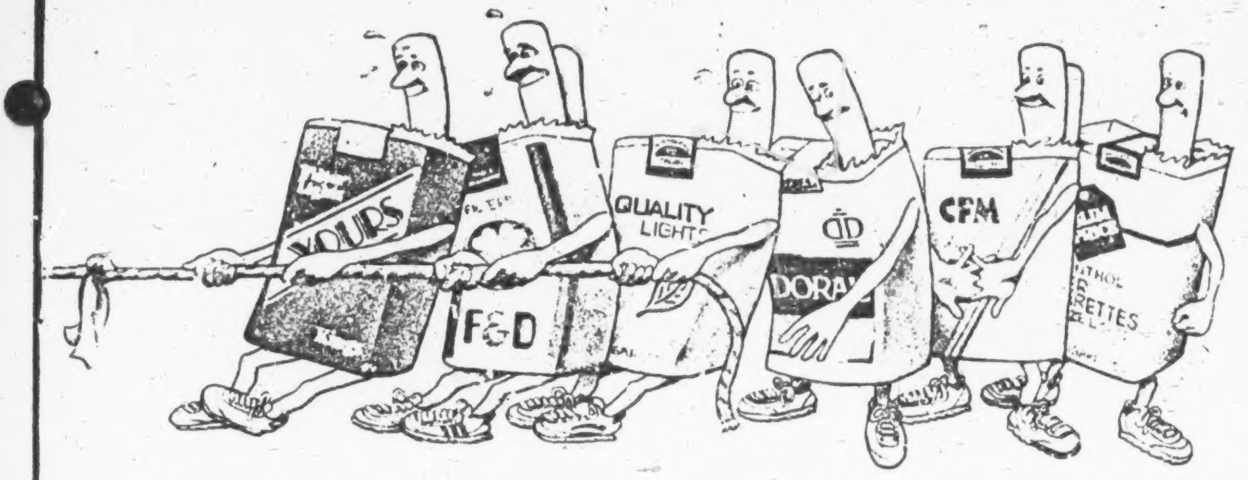
Under siege, cigarette marketers fight back

Beleaguered by generics, new requirements for health warnings, and a Surgeon General's report that indicts passive smoking, the cigarette business is under siege. Guest Editor Tom Mau, vice president, advertising and brand management at Lorillard, puts these difficulties in perspective.

The long awaited storm that has been hovering over the $25 billion U.S. cigarette industry hit with full force last month. And the winds of change blew in all directions. Buffeted by regulatory pressures, health concerns and the changing tastes of smokers, among other things, cigarette marketers are looking for some cover. The turbulence includes:

- A sudden jump in the market share held by generics. Disdained by the majors since their inception three years ago, the low-priced smokes have now become harder to ignore. One report assays generic's share of market during the first quarter of 1984 at 4.5% — a stunning 86% increase from 1983's 2.9%. Liggett & Myers started the business three years ago and now accounts for over 20% of the category's sales.
- The possibility of a two-tier pricing system. With R.J. Reynolds suddenly moving to recast fading-brand Doral as a low-priced smoke to do battle with the generics, the battlelines for a revamping of the time-honored one price standard has been enjoined. Liggett is also testing a new price brand, Stride. Some suggest Lorillard and Brown & Williamson may be the next to join the low-priced smoke race.
- A new report from the Surgeon General. The latest tome contends that nonsmokers can be caused illness from the fumes blown their way by nearby puffers. This could give further rise to state and local ordinances restricting smoking in public.
- Stiffer warnings on the packs and in advertising. Congressional legislation is pending that might require tobacco producers to attach cautions from the Surgeon General that smoking causes lung cancer, heart disease, emphysema and may complicate pregnancy. These would also have to be in bigger type.
- Increasing sales and pricing pressure brought by Federal excise tax hikes, as well as various state and local tariff increases.

The harbinger of many of these difficulties appeared nearly three years ago, when the badly listing Liggett & Myers took the risk on generic smokes that the financially healthier producers could, and did decline to take. Although low-priced to consumers, ge-



nerics are costly to producers in the sense that they do not provide the cushy profit margins branded cigarettes reap. As Tom Mau, vice president, advertising and brand management at Lorillard quips, "If you had even suggested coming out with a generic cigarette, you would have been dropped out of an eighth floor window."

While generics have been successful in many sectors of the packaged goods market, notably paper products and plain vegetables, cigarette producers were sure that the concept would have little appeal in their image-conscious industry, which spends about $1 billion annually on advertising. The feeling was that whatever blip generics might make on the sales screen, it would be only temporary, and would owe more to transient, poor economic conditions, than a real change in consumer mindset.

But by the end of 1983, generics had grabbed 2.9% of the market, up from 0.9% the year before, according to the Maxwell survey, which is compiled by John Maxwell, an analyst with A.G. Becker Paribas, and formerly with Lehman Bros. Kuhn Loeb. And by early 1984, the category had walked off with over 4% of the market, and in a much healthier economic climate.

Reynolds, which has been watching with satisfaction as its new Century brand, which offers smokers five more cigarettes in a pack than the usual 20, pick up a sharp .09% share in the 43 states it is currently sold in, decided to take the value-added approach one step further. In May, the Winston Salem-based company announced that it was going to test a reformulated low-price Doral product in 13 states. The brand, which was first introduced in 1968, had never really caught on, and had withered to a less than 15 hundredths of a percent share of the market. Yet Reynolds' research found that the name was still positively recognized by 66% of all smokers. R.J.R. also wants to try the low-priced area because it finds that several of its brands were more vulnerable to generics than those of its main rivals. Smokes such as R.J.R.'s Camels attract 35 year-old and up consumers, the same demographic that regularly lights up a generic. There-

If treated as a brand, generics muscle into the top ten

Brand	Producer	1984 billions of units/market share*		1983 billions of units/market share	
Marlboro	Phillip Morris	28.78	21.7%	27.79	20.9%
Winston	R.J. Reynolds	14.88	11.2	14.63	11.0
Salem	R.J. Reynolds	10.23	7.7	9.32	7.4
Kool	Brown & Williamson	9.74	7.3	8.63	6.5
Benson & Hedges	Phillip Morris	6.93	5.2	7.13	5.4
Generics	Liggett Group	5.82	4.4	3.28	2.5
Merit	Phillip Morris	5.81	4.4	6.30	4.7
Camel	R.J. Reynolds	5.56	4.2	5.32	3.9
Pall Mall	American Brands	5.22	3.9	6.01	4.5
Vantage	R.J. Reynolds	4.14	3.3	4.81	3.6
Kent**	Lorillard	4.38	3.3	5.85	4.4
Total top 10		95.97	72.2%	96.29	72.4%
Total top 11 with generics		101.79	76.6%	99.57	74.9%

* first quarter 1984, compared to same period in 1983

** includes Golden Lights brand family

Data: Lehman [illegible] Kuhn Loeb Inc.

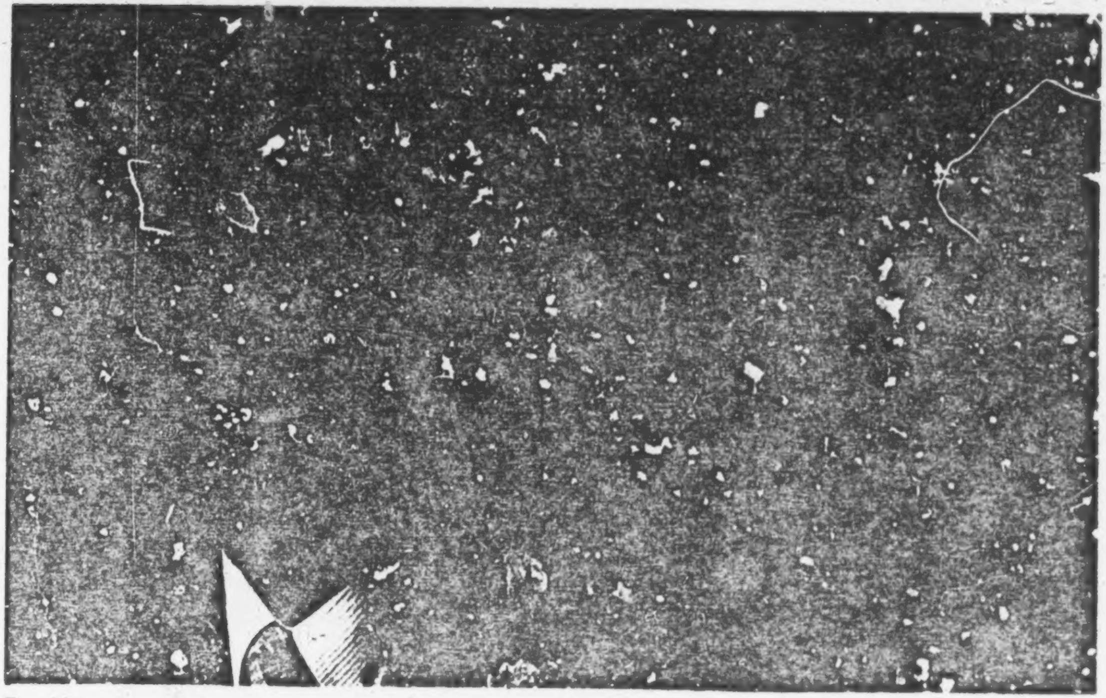


Photo by Lawrence [illegible]

Tom Mau, vice president, advertising and brand management, Lorillard.

fore, Reynolds is reasoning that they might as well give their smokers an alternative that would allow them to stay within the R.J.R. stable. Further, the company points out that they are really risking very little. Although generics are not noted for their profit generating powers, Reynolds estimates that if Doral brand grabs 35% of the generic trade, it would bring in about $40 million in earnings annually that it would not otherwise have enjoyed.

Some cigarette marketers say they are keeping their generic options open, while others still profess downright disinterest. Lorillard's Mau says, "It is a part of this industry. It is probably here to stay, at one level or another. And as anything comes along in the industry, we've been looking." But most industry observers expect Philip Morris to shy away from generics. The reason: Most of their brands appeal to a younger audience, and their primary thrust now is to a largely upscale crowd, both in packaging and advertising. One executive at a cigarette company is skeptical of the most recent tallies on generics. "Maxwell is hyping the area," he charges. "If generic's growth rate continues, which according to him is practically a certainty, they would account for 15% of the market by the end of 1984. Come on, even Reynolds doesn't think the category will go that high."

Most cigarette marketers are convinced that the growth in low-priced smokes is being fueled by the recent price jump

Indeed, Martin Orlowsky, vice president for brand management at Reynolds, projects that "generics will grow to between 7% to 19% of the market." But he cautions, "There is no time frame for that to happen. I think the growth of the category has to do with a combination of things — the general economy, inflationary pressures, the overall pricing impact at retail of state and Federal taxes — all of these things clearly contributed to generics' growth."

Most cigarette marketers are convinced that the growth in low-priced smokes is being fueled by the recent jump in cigarette prices. While the recession was thought to be the catalyst that pushed consumers to seek a cheaper alternative, the category really began to smoke when the Federal exise tax was doubled in January, 1983. That, plus the move by over a dozen state legislators to raise the tariffs on smokes, pushed the price of a pack past $1 in many major metropolitan markets and sent industry sales tumbling 4.5% for the year. "Obviously," says Harold A. Grant, marketing vice president for Liggett & Myers, "the doubling of the FFT gave generics and private labels a big boost. It brought the category a lot more attention and provided strong incentive for people to try them in a shorter time frame than we could ever have hoped for."

Lorillard is examining the field closely, and Tom Mau takes a long-range philosophical view. Looking at how generics have fared generally among supermarket purchased items during their six year lifetime, Mau detects a very uneven pattern. He suggests that generics have performed best when inflation was high, noting that in some categories, particularly commodity and products, like sugar, shoppers began opting for the cheaper alternatives.

"If you talk about so called 'commodity products, like sugar, that's probably 50% of sugar sales. If you talk about baking mixes, which somebody prepares and the family is going to eat, that's in the range of 15%. If you talk about health and beauty aids, which is probably one of the lower share categories, you're talking about 2% or 3%."

But when food inflation lessened — even though the economy had not yet turned up — generics lost much of their favor, except in the most basic categories.

Says Mau, "It all depends on how you want to look at the numbers, but by and large, private labels were down and the generics flat. It is the first year of the five or six they've been out there that they didn't show an increase," he notes. Now, in retrospect, sums up Mau, "I suspect because there were some very big gains during the inflationary spiral, that rising prices have more to do with the success of generics than a recessionary economy."

And while he feels they even if prices hold steady in cigarettes, as they have for food, it is still likely low-priced smokes will continue to grow. "Cigarettes are in a different part of the generic time frame," explains Mau. "People who are accustomed to buying other generic products and those who smoke are finding that generic cigarettes are available. I don't think everybody who is prone to try them has. I don't think they've reached their saturation point of trial," he asserts. As that point comes closer, though, Mau expects "their growth to reduce 'given stable economic conditions (an important caution) they will, at minimum, plateau, if they follow the same general economic pattern."

Mau feels strongly that the cigarette industry is a branded goods one, where smokers have a close identification with the product. That is why, he says, it is so difficult to get a smoker to switch his brand.

"You have in cigarettes a very brand loyal constituency who will not change for any reason. And if a positive for generics is the price, the taste and satisfaction and loyalty of smokers is on a negative side for generics and on a positive side for the national brands."

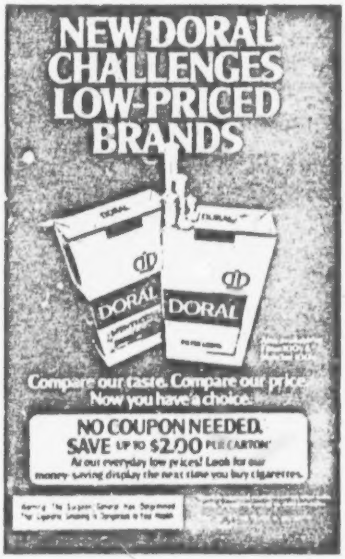
He has an ally in Emanuel Goldman, an analyst for Montgomery Securities. "I think generic cigarettes have already taken their best shot," he states bluntly. "The cigarette business is a branded product business first, foremost and always. It took an unusual set of circumstances to get generics where they are today," sniffs Goldman. He thinks "the best thing that could happen to Reynolds at this point is that Doral will take share away from Liggett, but that Doral will not prove to be stimulative to the market. It will be very negative for Reynolds if Doral proves to be a stimulant to the category as it will attract others in and then they'll be fighting for a crummy segment."

He also points out the the generic smoke business did not increase prices from November, 1982 to January, 1984. But now that prices have been hiked, he says, "let's see what happens." And he asks, "If generics have such a bright future, tell my why did Grand Metropolitan put Liggett on the selling block?"

Martin Orlowsky, vice president, brand marketing, thinks Doral can win 35% of generic market.

Grand Metropolitan bought Liggett & Myers in 1980, for about $600 million. The British-based conglomerate announced a few months ago that it was looking to sell the tobacco unit, because the industry did not fit into its long-term growth plans. Now, a group headed by Liggett management, and backed by several banks, is trying to buy the company from the parent for $325 million in a leveraged buyout.

But Liggett's Harold Grant disputes Goldman's interpretation. He says that even with the price increase, generics sell, on average, for $2.00 per carton less than branded smokes. And he insists that the theory that generic and private label cigarettes have only done well because they are adding distribution, rather than getting repeat smokers, is balderdash. "We've had very strong distribution for over a year," he says ticking off, 99% of supermarkets, 70% of drug and convenience stores, 60% with mass merchandise and full distribution in the military. Repeat sales have grown, he states, because consumers are getting "a quality cigarette. That's the major issue. You can get somebody to try something once for price, but if they're not getting quality in the equation, they won't buy it again."



NEW DORAL CHALLENGES LOW-PRICED BRANDS

DORAL
DORAL

Compare our taste. Compare our price. Now you have a choice.

NO COUPON NEEDED. SAVE UP TO $2.00 PER CARTON*

At our everyday low prices! Look for our money-saving display the next time you buy cigarettes.

To reinforce the quality notion, Liggett has undertaken newspaper advertising programs stressing its quality seal, which is affixed to each pack. And it has undertaken such promotional devices as sponsoring the Quality Seal Amphitheater at this year's World's Fair, where entertainers such as Bob Hope, perform. But Liggett limits its advertising, since the profit margins are not there to support such

Continued on page 175

MARKETING &
MEDIA
Decisions

13TH ANNUAL REPORT

THE TOP 200 BRANDS

[illegible] major media in [illegible]

[illegible]

[illegible] index of the 200 most-advertised brands in the [illegible]

[illegible] expenditures of the Top 200 in 1980, 1981, [illegible] and [illegible]

[illegible] major brands among the Top 200 Brands

INTRODUCTION TO TOP 200 BRANDS DIRECTORY

THIS REPORT is the thirteenth annual report by *Marketing & Media Decisions* of major brand activity, brand expenditures in each of the eight major media and the key media decision makers for each brand. The report accounts for nearly half the total dollars invested by national advertisers in the eight major national media, which are magazines, supps, newspapers, network tv, spot tv, network radio, spot radio and outdoor.

An alphabetical index, giving the ranking of each brand in order of total expenditures, appears below. The first section of the report shows brand, parent company, categories in which the brand spent most of its dollars and total expenditures in each year, 1980, 1981, 1982 and 1983.

The second section gives individual media expenditures for each brand in 1982 and 1983, categories in which the brand was most active (as defined by Leading National Advertisers) principal agencies, media decision-makers in companies and agencies.

The data are a special compilation by *Decisions* of best available expenditure estimates by Leading National Advertisers (LNA), Publishers Information Bureau (PIB), Broadcast Advertisers Reports (BAR), Media Records, Inc. Radio Expenditure Reports (RER), Radio Advertising Bureau (RAB), Institute of Outdoor Advertising and *Decision* estimates. We have organized the data by basic brand names and combined variations of brand.

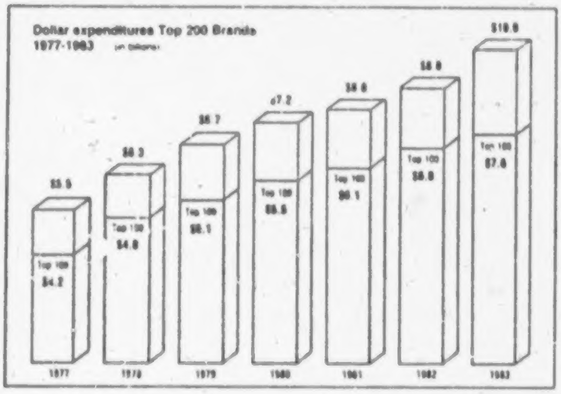
Alphabetical Index of the Top 200 brands

	Rank
ABC	90
AT&T/Bell	5
Alka-Seltzer	166
Allstate	138
American Airlines	50
American Dairy	160
American Express	37
American Motors	193
Anacin	61
Apple	124
Aqua-Fresh	147
Atari	25
Avis	178
B	
Barclay	87
Bayer	185
Benson & Hedges	70
Betty Crocker	101
Bright	31
Brim	196
Budweiser	10
Buick	35
Burger King	21
C	
CBS	125
Cadillac	57
Camel	71
Campbell's	86
Canon	45
Century	121
Cheerios	172
Chevrolet	6
Chrysler	13
Clairol	55
Clorox	154
Coca-Cola	24
Coleco	58
Colgate	82
Columbia Pictures	67
Columbia Records	100
Commodore	34
Coors	49
Cover-Girl	77
Crest	80
Crisco	93
D	
De Beers	167
Delta	36
Dexatrim	184
Digital	117
Dodge	18
Dristan	137
Duncan Hines	119
Du Pont	84
Duracell	155
E	
Eastern Airlines	33
Eveready	151
Exxon	143
F	
Federal Express	142
Finesse	192
Florida citrus	175
Folger's	131
Ford	4
Franklin Mint	98
G	
GE	40
GTE	139
Gallo	129
General Motors	43
Gillette	81
Goodyear	74
H	
Hallmark	169
Hanes	168
Hardee's	197
Heinz	127
Hershey	150
Honda	16
I	
IBM	17
Ivory	105
J	
Jell-O	78
Johnson's (J&J)	115
Johnson's (S.C.)	99
Jordache	171
K	
K mart	2
Kal Kan	114
Kellogg's	12
Keebler	182
Kenner	141
Kent	120
Kentucky Fried Chicken	48
Kleenex	122
Kodak	20
Kool	56
Kool-Aid	130
Kraft	14
Kroger	181
L	
L'eggs	134
Lincoln	156
Lipton	96
L'Oreal	113
Lowenbrau	144
Luvs	194
Lysol	94
M	
MCI	85
Marlboro	27
MasterCard	188
Mattel	28
Maxwell House	106
Maybelline	112
Mazda	51
McDonald's	7
Mennen	133
Mercedes-Benz	76
Mercury	26
Merit	69
Merrill Lynch	189
Michelob	39
Midas	103
Miller	11
Milton Bradley	163
Mobil	176
More	68
N	
NBC	123
Nabisco	62
National Enquirer	173
Nature Valley	187
Nestle's	89
New Freedom	190
Nissan	9
Now	136
O	
Oil of Olay	161
Oldsmobile	32
P	
Pabst	177
Pampers	149
Panasonic	199
Paramount	186
Parker Brothers	111
Penney's	3
Pepsi-Cola	22
Pillsbury	64
Pizza Hut	54
Planters	191
Players	30
Plymouth	116
Polaroid	92
Pontiac	23
Post	59
Prudential	146
Purina	15
Q	
Quaker	88
R	
RCA	47
Ragu	183
Red Lobster	97
Renault	53
Republic Airlines	126
Revlon	65
Reynolds	153
S	
Safeway	158
Salem	63
Sanka	170
Satin	108
Seagram	135
Sears	1
Seven-Up	132
Sony	72
Sprint	164
Sprite	128
Stouffer's	145
Stroh's	83
Subaru	102
Swanson	165
T	
TWA	73
Tab	148
Taco Bell	157
Taster's Choice	180
Texas Instruments	29
Texize	198
Tide	140
Time	118
Timex	152
Toyota	19
True	195
True Value	91
TV Guide	109
20th Century-Fox	79
Tylenol	42
U	
United Airlines	44
United Artists	179
Universal City	107
U.S. Army	110
U.S. Postal Service	95
V	
Vantage	66
Vicks	162
Virginia Slims	104
Volkswagen	38
W	
Wards	8
Warner	75
Weight Watchers	200
Wendy's	46
Whirlpool	174
Winston	52
Woolworth	159
Wrigley	60
X	
Xerox	41

PRICE OF ENTRY UP 19% FOR TOP 200 BRANDS

1983 was a very active year for the leading advertisers, as on average, the top 200 increased their expenditures by 15% over the totals spent in 1982. That figure comes close to the increase in 1977, a year of strong brand activity, when ad expenditures by the top 200 brands increased by 17%. Increases in the intervening years except for 1978 (15%) climbed at approximately 10%. That spending increase coincided with the upturn in the economy, and represents a real increase, as inflation held in the 6% to 8% range.

Thirty three brands were added to the top 200 list in 1983, another indication of unusually competitive marketing and advertising activity. Joining the list for 1983 are: Apple, Bright, Century, Commodore, Dexatrim, Digital Equipment, Finesse, GTE, Hardee's, Jordache, Keebler, Kleenex, Kroger, MasterCard, Merrill Lynch, Nature Valley, New Freedom, Pabst, Panasonic, Planters, Players, Republic Airlines, Reynolds Metals, Satin, Sprint, Sprite, Stroh, Swanson, Taco Bell, Texize, Time, U.S. Postal Service, Weight Watchers. Of the 33, 28 of those brands didn't appear in the 1981 top 200 brands listing.



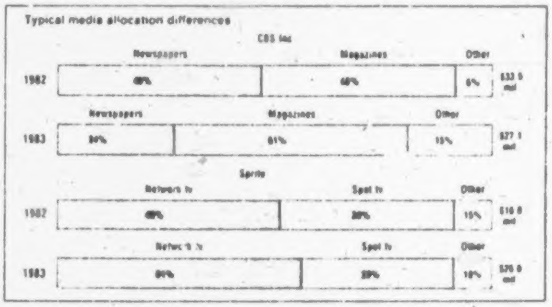
The entry fee required to join the top 200 brands rose nearly $3 million, from $15,159,000 in 1982, to $18,110,000 last year. That represents a 19% increase at the bottom needed to make the list.

Leadership in the top 10 shifted a bit. The first four were the same as in 1982, with one new entry, Budweiser, moving from 12 to No. 10 spot. In the top 25, 12 brands changed places. New to the top 25 last year were IBM, soaring from 50th spot in '82 to 17th place, and Dodge, going from 28th spot to No. 18. New to the list is Nissan, which combines Datsun and Nissan expenditures, which were divided in the 1982 listing. Pontiac moved from 40th spot to No. 23, and Coca-Cola, from 38th spot to No. 24.

The drop-outs in 1983 total one fewer than the new entrants, as Nissan and Datsun were combined, to make room for one more brand. A total of 32 brands slipped from the list. They are: Activision, Aim, BMW, Birds Eye, Bounce, Carlton, Cheer, Chef Boy-Ar-Dee, Dial, Downy, Dr Pepper, Fresh Start, Glad, Holiday Inns, Levis, Long John Silver, Minolta, Natural Light, Newport, Philips, Playtex, Preparation H, Schlitz, Shell, Silkience, Stayfree, Topol, Visa, Walt Disney, Woolite and Zenith.

Some advertisers showed major changes from '82 to '83, often with good reason. AT&T/Bell climbed nearly 50%, from $161 million to $303 million. The federally mandated breakup of the old Bell system forced AT&T to advertise heavily to inform the public of how the changes would affect phone service. IBM made an even greater percentage leap, from $63 million to $103 million. The cause here was the introduction of the IBM PC. Two new cigarette introductions contributed over $120 million, Players from Philip Morris, with $65,448,000, and Bright, from R.J. Reynolds, with $63 million. These new brands were backed by substantial budgets but never reached the proportions involved in Brown & Williamson's introduction of Barclay, estimated to have reached $95 million in 1981. Commodore computers joined the ranks of the heavyweights last year with a budget that soared from $15 million to $61 million, a 300% gain.

Budget losers include the aforementioned Barclay, which dropped from $65 million to $34 million, a reasonable sustaining budget for an established cigarette brand. Philip Morris' Virginia Slims got less support than the year before as its budget fell from $41 million to $31 million, a 25% drop. Kool, from Brown & Williamson, was another budget cutter, trimming back from $74 million to $46 million, a 38% drop. Among automotives, some imports cut back; Volkswagen dipped from $64 million to $59 million, and Toyota reduced spending from $118 million to $96 million.



Top 200 Millionaire Brands

1980-1981-1982-1983

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1983	1982	1981	1980
1. **Sears** (Sears, Roebuck and Co.)	Retail	$537,130,000	$556,068,000	$505,372,000	$474,390,000
2. **K mart** (K mart Corp.)	Retail	383,459,000	325,302,000	301,096,000	274,495,000
3. **Penney's** (J.C. Penney)	Retail	341,090,000	288,563,000	269,621,000	249,754,000
4. **Ford** (Ford Motor Co.)	Cars, trucks	304,768,000	253,733,000	223,505,000	197,763,000
5. **AT&T/Bell** (AT&T)	Communications	303,709,000	161,756,000	171,783,000	91,707,000
6. **Chevrolet** (General Motors)	Cars, trucks	208,334,000	185,170,000	156,465,000	138,741,000
7. **McDonald's** (McDonald's Corp.)	Restaurants	193,358,000	163,206,000	138,046,000	130,862,000
8. **Wards** (Mobil Corp.)	Retail	178,239,000	167,878,000	170,940,000	166,600,000
9. **Nissan** (Nissan Motors)	Cars, trucks	139,529,000	111,258,000	82,529,000	65,711,000
10. **Budweiser** (Anheuser-Busch)	Beer	131,782,000	104,897,000	67,037,000	49,032,000
11. **Miller** (Philip Morris)	Beer	125,028,000	113,276,000	86,108,000	76,239,000
12. **Kellogg's** (Kellogg Co.)	Cereals	116,470,000	96,530,000	90,696,000	77,785,000
13. **Chrysler** (Chrysler Corp.)	Cars	115,541,000	101,983,000	81,515,000	57,035,000
14. **Kraft** (Dart & Kraft Inc.)	Cooking, dairy, prepared foods	109,875,000	107,051,000	96,902,000	77,785,000
15. **Purina** (Ralston Purina)	Pet food, supplies	107,628,000	94,605,000	63,905,000	78,824,000
16. **Honda** (Honda Motor Co.)	Cars, cycles, garden equip	103,843,000	83,172,000	52,140,000	36,557,000
17. **IBM** (Intl. Business Machines)	Office machines	103,358,000	46,424,000	31,215,000	24,427,000
18. **Dodge** (Chrysler Corp.)	Cars, trucks	102,957,000	65,376,000	67,067,000	50,271,000
19. **Toyota** (Toyota Motors)	Cars, trucks	96,019,000	118,036,000	121,232,000	91,707,000
20. **Kodak** (Eastman Kodak)	Cameras, office machines	90,585,000	61,987,000	65,126,000	54,400,000
21. **Burger King** (Pillsbury Co.)	Restaurants	89,377,000	65,165,000	48,797,000	45,075,000
22. **Pepsi-Cola** (PepsiCo)	Soft drinks	86,110,000	65,984,000	53,751,000	55,001,000
23. **Pontiac** (General Motors)	Cars	73,420,000	53,658,000	48,698,000	36,664,000
24. **Coca-Cola** (Coca-Cola U.S.A.)	Soft drinks	73,061,000	55,611,000	46,879,000	44,988,000
25. **Atari** (Warner Communications)	Games, home electronics	72,694,000	86,338,000	30,660,000	7,597,000

Sources

Consumer magazines and supps: data summarized from the PIB Magazine Analysis prepared by Leading National Advertisers Inc. (LNA) of actual linage run in those media. Expenditures are based on current one-time gross rates before discounts. Rates for national full-run insertions are based on ad size and coloration. Rates for regional and less than full-run insertions are determined by LNA editors on circulation and rates supplied by the magazines. Covered are almost 100 consumer magazines and three national supps, plus tear sheets of over 1,500 regional editions a year.

Newspapers: data compiled by Media Records, which measured every ad in 211 daily and Sunday newspapers. Actual linage is multiplied by the one-time general open line rate as of January 1983. Dollar estimates include newspaper supplements, color comic sections, rotogravure, all color ads. Data is estimated to cover 91% of national newspaper linage when projected to 125 markets. *Marketing & Media Decisions* has added estimates of local expenditures in newspapers by the five leading chain retailers because the extent of their operations makes their brands, in effect, "nationally" advertised as well as distributed.

Network tv and network radio: data secured by Broadcast Advertisers Reports (BAR), which monitors all network broadcasts except those of the Mutual radio network. Material is collected on audio tape and then translated into a sequential listing. Network tv and network radio rates are based on estimates provided by the three networks of per-minute cost for time and talent.

Spot tv: data secured by Broadcast Advertisers Reports (BAR) from listening posts in 75 top markets that monitor 303 stations for one week each month. These weekly records are projected to estimates of monthly spot tv usage. Spot tv rates are applied from a station rate deck that is constantly updated by agency buyers. The estimates represent about 90% of the dollars in spot tv.

Spot radio: data generated by Radio Expenditure Reports (RER) are calculated from a sample of 2300 stations in 210 markets. RER's sources are 15 radio reps handling station groups which supply quarterly computer runs by station, by market, by brand of spots aired — plus similar reports from stations in 210 markets. Expenditures are projected to an adjusted national gross figure based on a formula provided by Radio Advertising Bureau (RAB). Estimates cover about 80% of total national spot radio.

Outdoor: data are based on information submitted to Leading National Advertisers (LNA) at the request of the Institute of Outdoor Advertising by outdoor plant operators in markets of 100,000 population or over. Covered is about 80% of total national outdoor advertising expenditures.

Brand dollar estimates are retabulated by *DECISIONS* BY major brand name from the data just described. This represents the one place where brand data from all these sources are presented together. The brand data in greater detail is also available from each of the organizations that compile the data. Leading National Advertisers publishes detailed listings of the information on magazines, supps, network tv, spot tv, network radio, and outdoor. References to LNA classifications are provided throughout this report for further reference in LNA's reports: Company Brand $; Class Brand $.

Top 200 Millionaire Brands 1980-1981-1982-1983

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1983	1982	1981	1980
26. **Mercury** (Ford Motor Co.)	Cars	71,724,000	39,115,000	45,107,000	45,534,000
27. **Marlboro** (Philip Morris)	Cigarettes	70,590,000	75,865,000	59,356,000	48,678,000
28. **Mattel** (Mattel Inc.)	Games	70,405,000	85,064,000	41,782,000	25,436,000
29. **Texas Instruments**	Office machines	67,864,000	18,745,000	10,762,000	4,794,000
30. **Players** (Philip Morris)	Cigarettes	65,448,000*	—	—	—
31. **Bright** (R.J. Reynolds)	Cigarettes	63,276,000	20,143,000*	—	—
32. **Oldsmobile** (General Motors)	Cars	61,868,000	55,782,000	52,062,000	41,673,000
33. **Eastern** (Eastern Airlines)	Passenger travel	61,527,000	51,234,000	43,486,000	40,182,000
34. **Commodore** (Commodore Intl.)	Office machines	61,221,000	15,610,000	1,228,000	153,000
35. **Buick** (General Motors)	Cars	60,759,000	48,503,000	45,216,000	39,931,000
36. **Delta** (Delta Airlines)	Passenger travel	60,627,000	45,653,000	39,772,000	34,897,000
37. **American Express** (American Express)	Financial, travel	60,068,000	54,362,000	47,310,000	37,723,000
38. **Volkswagen** (Volkswagenwerk A.G.)	Cars, trucks	59,259,000	64,599,000	50,476,000	46,063,000
39. **Michelob** (Anheuser-Busch)	Beer	57,813,000	53,597,000	44,847,000	33,623,000
40. **GE** (General Electric)	Major appliances	57,691,000	40,675,000	69,998,000	71,896,000
41. **Xerox** (Xerox Corp.)	Office machines	57,655,000	41,734,000	29,532,000	21,148,000
42. **Tylenol** (Johnson & Johnson)	Medicines	56,847,000	43,987,000	36,766,000	26,495,000
43. **General Motors** (General Motors)	Corporate, parts	56,203,000	61,465,000	35,211,000	39,554,000
44. **United Airlines** (UAL)	Passenger travel	54,017,000	60,455,000	47,497,000	47,377,000
45. **Canon** (Canon U.S.A.)	Cameras	52,469,000	42,551,000	33,225,000	28,244,000
46. **Wendy's** (Wendy's International)	Restaurants	52,205,000	33,412,000	26,375,000	20,555,000
47. **RCA** (RCA Corp.)	Communications	51,374,000	32,736,000	57,687,000	31,695,000
48. **Kentucky Fried Chicken** (Heublein)	Restaurants	51,326,000	44,059,000	36,551,000	30,998,000
49. **Coors** (Adolph Coors Co.)	Beer	51,205,000	28,179,000	29,819,000	24,738,000
50. **American** (American Airlines)	Passenger travel	51,103,000	51,564,000	45,661,000	41,958,000
51. **Mazda** (Toyo Kogyo)	Cars, trucks	$ 50,708,000	$ 52,683,000	$ 25,552,000	$ 30,918,000
52. **Winston** (R.J. Reynolds)	Cigarettes	48,961,000	53,168,000	67,655,000	48,344,000
53. **Renault** (American Motors)	Cars	48,883,000	34,026,000	15,199,000	14,173,000
54. **Pizza Hut** (PepsiCo)	Restaurants	47,868,000	35,737,000	24,574,000	18,262,000
55. **Clairol** (Bristol-Myers)	Hair products	47,300,000	51,670,000	46,944,000	47,487,000
56. **Kool** (B.A.T. Industries)	Cigarettes	46,933,000	74,323,000	19,886,000	31,755,000
57. **Cadillac** (General Motors)	Cars	46,014,000	36,091,000	36,669,000	25,137,000
58. **Coleco** (Coleco Industries)	Games, home electronics	45,762,000	26,697,000	7,564,000	6,598,000
59. **Post** (General Foods)	Cereals	45,177,000	58,635,000	45,956,000	33,390,000
60. **Wrigley** (Wm. Wrigley Jr.)	Gum	44,597,000	48,547,000	43,275,000	35,617,000
61. **Anacin** (American Home Products)	Medicines	44,593,000	55,669,000	44,641,000	43,513,000
62. **Nabisco** (Nabisco Brands)	Bakery, prepared foods, confectionery	44,562,000	33,399,000	30,508,000	27,317,000
63. **Salem** (R.J. Reynolds)	Cigarettes	44,296,000	61,551,000	48,811,000	66,831,000
64. **Pillsbury** (Pillsbury Co.)	Bakery, cooking, prepared foods	43,705,000	41,550,000	36,480,000	32,834,000
65. **Revlon** (Revlon)	Cosmetics	43,202,000	30,948,000	28,871,000	28,940,000
66. **Vantage** (R.J. Reynolds)	Cigarettes	42,419,000	42,087,000	58,393,000	56,689,000
67. **Columbia** (Coca-Cola)	Motion pictures	42,090,000	34,041,000	39,831,000	36,317,000
68. **More** (R.J. Reynolds)	Cigarettes	41,394,000	40,822,000	44,106,000	16,449,000
69. **Merit** (Philip Morris)	Cigarettes	41,357,000	66,037,000	75,228,000	55,640,000
70. **Benson & Hedges** (Philip Morris)	Cigarettes	41,132,000	66,816,000	35,871,000	30,773,000
71. **Camel** (R.J. Reynolds)	Cigarettes	39,632,000	37,834,000	34,269,000	31,165,000
72. **Sony** (Sony Corp.)	Home electronics	39,383,000	23,319,000	29,697,000	19,247,000
73. **TWA** (Trans World Corp.)	Passenger travel	39,339,000	39,327,000	37,269,000	34,492,000
74. **Goodyear** (Goodyear Tire & Rubber)	Tires	39,203,000	28,630,000	27,570,000	18,947,000
75. **Warner** (Warner Communications)	Motion pictures	39,130,000	29,391,000	33,481,000	32,766,000

* New product in year first shown

Top 200 Millionaire Brands 1980-1981-1982-1983

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1983	1982	1981	1980
76. **Mercedes-Benz** (Mer.-Benz of N.A.)	Cars	38,911,000	19,718,000	13,041,000	10,236,000
77. **Cover Girl** (Noxell Corp.)	Cosmetics	38,[illegible]68,000	31,760,000	24,333,000	24,042,000
78. **Jell-O** (General Foods)	Desserts	38,409,000	32,890,000	34,009,000	28,897,000
79. **20th Century** (20th Century-Fox)	Motion pictures	38,330,000	33,988,000	22,727,000	19,937,000
80. **Crest** (Procter & Gamble)	Dental supplies	37,997,000	39,270,000	45,898,000	28,649,000
81. **Gillette** (Gillette Company)	Toiletries, shaving products	37,593,000	27,139,000	31,885,000	34,135,000
82. **Colgate** (Colgate-Palmolive)	Personal hygiene	37,387,000	32,359,000	29,691,000	23,387,000
83. **Stroh's** (Stroh Brewery)	Beer	36,896,000	14,052,000	13,127,000	11,719,000
84. **Du Pont** (E. I. du Pont)	Paints, fabrics, fibers, pest control	36,507,000	32,816,000	39,985,000	40,609,000
85. **MCI** (MCI Communications)	Communications	35,971,000	22,474,000	9,937,000	4,446,000
86. **Campbell's** (Campbell Soup)	Prepared foods	35,965,000	32,781,000	23,644,000	18,684,000
87. **Barclay** (B.A.T. Industries)	Cigarettes	34,884,000	65,977,000	107,779,000	3,897,000
88. **Quaker** (Quaker Oats)	Cereals	34,831,000	23,690,000	16,289,000	18,215,000
89. **Nestle's** (Nestle Enterprises)	Confectionery, beverages, cooking	34,030,000	28,752,000	33,278,000	34,501,000
90. **ABC** (American Broadcasting)	Communications	33,987,000	24,989,000	32,145,000	36,972,000
91. **True Value** (Cotter & Co.)	Hardware	33,853,000	28,442,000	23,602,000	20,676,000
92. **Polaroid** (Polaroid Corp.)	Cameras	33,826,000	37,854,000	40,527,000	37,334,000
93. **Crisco** (Procter & Gamble)	Cooking products	33,492,000	21,650,000	20,885,000	21,486,000
94. **Lysol** (Sterling Drug)	Cleaners, disinfectants	33,420,000	23,511,000	18,584,000	19,288,000
95. **U.S. Postal Service** (U.S. Govt.)	U.S. Government	33,400,000	18,440,000	13,853,000	10,256,000
96. **Lipton** (Thomas J. Lipton/Lever Bros.)	Prepared foods, beverages, cooking	33,033,000	30,947,000	35,111,000	30,933,000
97. **Red Lobster** (General Mills)	Restaurants	32,898,000	28,626,000	25,814,000	17,882,000
98. **Franklin Mint** (Warner Comm.)	Mail order	32,831,000	25,461,000	25,258,000	23,503,000
99. **Johnson's products** (S.C. Johnson)	Cleaners, laundry products, deodorizers	32,830,000	16,670,000	18,030,000	16,986,000
100. **Columbia Records** (CBS)	Records	32,574,000	28,274,000	24,655,000	29,918,000
101. **Betty Crocker** (General Mills)	Baking mixes, prepared foods, dinners	$ 32,553,000	$ 24,100,000	$ 20,628,000	$ 22,470,000
102. **Subaru** (Subaru of America)	Cars	32,508,000	27,158,000	21,422,000	15,914,000
103. **Midas** (IC Industries)	Automotive supplies	32,035,000	23,339,000	18,563,000	17,206,000
104. **Virginia Slims** (Philip Morris)	Cigarettes	31,947,000	41,355,000	31,523,000	21,708,000
105. **Ivory** (Procter & Gamble)	Soaps, detergents	31,832,000	27,208,000	24,563,000	26,584,000
106. **Maxwell House** (General Foods)	Coffee	31,412,000	51,578,000	45,609,000	45,090,000
107. **Universal City** (MCA Inc.)	Motion pictures	31,337,000	32,894,000	27,598,000	30,939,000
108. **Satin** (Lorillard/Loews)	Cigarettes	31,291,000	1,103,000	—	—
109. **TV Guide** (Triangle)	Magazines	31,250,000	20,902,000	16,202,000	17,110,000
110. **U.S. Army** (U.S. Army Recruit. Cmnd.)	U.S. Government	31,125,000	28,265,000	24,239,000	21,134,000
111. **Parker Bros.** (General Mills)	Games	30,670,000	20,383,000	13,308,000	15,523,000
112. **Maybelline** (Schering-Plough)	Cosmetics	30,283,000	28,069,000	29,473,000	26,245,000
113. **L'Oreal** (Cosmair)	Cosmetics, hair products	30,243,000	21,182,000	11,947,000	12,370,000
114. **Kal Kan** (Mars Inc.)	Pet foods	30,148,000	24,912,000	15,188,000	11,788,000
115. **Johnson's** (Johnson & Johnson)	Baby products, shampoo, lotions	30,134,000	30,451,000	34,704,000	40,298,000
116. **Plymouth** (Chrysler Corp.)	Cars	29,563,000	27,164,000	30,397,000	28,606,000
117. **Digital** (Digital Equipment)	Business machines	28,719,000	6,655,000	4,127,000	2,515,000
118. **Time** (Time Inc.)	Publishing, media	28,399,000	17,333,000	30,879,000	28,219,000
119. **Duncan Hines** (Procter & Gamble)	Baking mixes	28,392,000	20,689,000	20,648,000	17,135,000
120. **Kent** (Lorillard/Loews)	Cigarettes	27,751,000	31,141,000	55,276,000	56,063,000
121. **Century** (R.J. Reynolds)	Cigarettes	27,659,000*	—	—	—
122. **Kleenex** (Kimberly-Clark)	Toiletries	27,361,000	24,150,000	20,036,000	14,669,000
123. **NBC** (RCA Corp.)	Communications	27,209,000	27,104,000	32,515,000	33,285,000
124. **Apple** (Apple Computer)	Computer, data processing equiment	27,124,000	9,6[illegible]8,000	9,555,000	2,751,000
125. **CBS** (CBS Inc.)	Communications	27,053,000	33,488,000	30,635,000	30,033,000

* New product in year first shown.

Top 200 Millionaire Brands 1980-1981-1982-1983

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1983	1982	1981	1980
126. **Republic** (Republic Airlines)	Passenger travel	27,020,000	21,574,000	11,463,000	7,835,000
127. **Heinz** (H.J. Heinz Co.)	Condiments, gravies	26,932,000	25,793,000	17,683,000	13,682,000
128. **Sprite** (Coca-Cola)	Soft drinks	26,753,000	16,810,000	12,343,000	11,856,000
129. **Gallo** (E&J Gallo)	Wine	26,518,000	26,044,000	21,293,000	22,163,000
130. **Kool-Aid** (General Foods)	Soft drinks	26,343,000	20,911,000	24,951,000	22,254,000
131. **Folger's** (Procter & Gamble)	Coffee	26,281,000	27,651,000	27,209,000	27,676,000
132. **Seven-Up** (Philip Morris)	Soft drinks	26,278,000	32,734,000	37,923,000	31,927,000
133. **Mennen** (Mennen Co.)	Personal hygiene	26,269,000	16,049,000	16,557,000	14,066,000
134. **L'eggs** (Hanes Co./Consol. Foods)	Hosiery	26,189,000	22,876,000	16,215,000	20,870,000
135. **Seagram** (Seagram Distillers)	Liquor	26,140,000	34,279,000	39,128,000	42,366,000
136. **Now** (R.J. Reynolds)	Cigarettes	26,115,000	31,635,000	35,002,000	45,578,000
137. **Dristan** (American Home Products)	Medicines	26,085,000	24,624,000	23,796,000	21,186,000
138. **Allstate** (Sears, Roebuck and Co.)	Insurance	25,950,000	21,491,000	21,280,000	20,990,000
139. **GTE** (GTE Corp.)	Communications	25,691,000	13,009,000	3,033,000	1,758,000
140. **Tide** (Procter & Gamble)	Detergents	25,596,000	17,207,000	18,713,000	17,312,000
141. **Kenner** (General Mills)	Games	25,509,000	23,874,000	23,522,000	18,259,000
142. **Federal Express** (Federal Express)	Air cargo	25,178,000	22,705,000	18,577,000	9,001,000
143. **Exxon** (Exxon Corp.)	Gas, oil	25,155,000	25,432,000	41,512,000	19,549,000
144. **Lowenbrau** (Philip Morris)	Beer	24,915,000	24,115,000	20,788,000	19,522,000
145. **Stouffer's** (Nestle Enterprises)	Prepared foods	24,795,000	22,637,000	16,741,000	16,426,000
146. **Prudential** (Prudential Insurance Co.)	Insurance	24,778,000	15,156,000	14,353,000	16,614,000
147. **Aqua-Fresh** (Beecham)	Toothpaste	24,538,000	27,263,000	21,620,000	21,254,000
148. **Tab** (Coca-Cola)	Soft drink	24,152,000	19,766,000	16,691,000	13,856,000
149. **Pampers** (Procter & Gamble)	Underwear	24,023,000	20,061,000	19,834,000	19,087,000
150. **Hershey** (Hershey Foods)	Ingredients, candies	23,836,000	23,831,000	20,372,000	15,466,000
151. **Eveready** (Union Carbide Corp.)	Household batteries	$ 23,650,000	$ 25,465,000	$ 31,900,000	$ 31,860,000
152. **Timex** (Timex Corp.)	Watches, computers, small appliances	23,417,000	24,044,000	13,885,000	14,549,000
153. **Reynolds** (Reynolds Metals)	Food wraps and foils	23,413,000	13,194,000	9,889,000	8,540,000
154. **Clorox** (Clorox Co.)	Laundry preparations	23,171,000	29,012,000	27,578,000	18,611,000
155. **Duracell** (Dart & Kraft)	Household batteries	22,983,000	20,553,000	16,093,000	13,991,000
156. **Lincoln** (Ford Motor Co.)	Cars	22,774,000	26,793,000	15,6[illegible],000	23,440,000
157. **Taco Bell** (PepsiCo)	Restaurants	22,244,000	13,248,000	11,874,000	3,427,000
158. **Safeway** (Safeway Stores)	Retail	22,141,000	21,968,000	23,419,000	18,291,000
159. **Woolworth** (F.W. Woolworth)	Retail	22,135,000	93,517,000	141,796,000	135,285,000
160. **American Dairy Assn.**	Dairy products	22,111,000	23,352,000	18,324,000	16,974,000
161. **Oil of Olay** (Richardson-Vicks)	Cosmetics	21,919,000	27,598,000	37,171,000	31,738,000
162. **Vicks** (Richardson-Vicks)	Medicines	21,786,000	21,895,000	32,565,000	23,509,000
163. **Milton Bradley** (Milton Bradley Co.)	Games, toys	21,670,000	21,371,000	22,309,000	20,708,000
164. **Sprint** (GTE Corp.)	Communications	21,535,000	11,250,000*	—	—
165. **Swanson** (Campbell Soup)	Meats, poultry, fish, prepared foods	21,376,000	10,944,000	4,122,000	8,653,000
166. **Alka-Seltzer** (Miles Labs/A.G. Bayer)	Medicines	21,235,000	18,475,000	21,180,000	19,502,000
167. **De Beers** (De Beers Con. Mines)	Jewelry	21,167,000	19,624,000	15,236,000	10,479,000
168. **Hanes** (Hanes Co./Consol. Foods)	Hosiery, underwear	21,160,000	17,045,000	14,332,000	10,558,000
169. **Hallmark** (Hallmark Cards)	Greeting cards	20,899,000	17,520,000	14,541,000	13,658,000
170. **Sanka** (General Foods)	Coffee	20,876,000	29,721,000	24,769,000	33,428,000
171. **Jordache** (Jordache Enterprises)	Apparel	20,873,000	16,502,000	13,656,000	10,105,000
172. **Cheerios** (General Mills)	Cereals	20,789,000	20,421,000	14,614,000	13,016,000
173. **National Enquirer** (Natl. Enquirer Inc.)	Newspapers	20,619,000	29,755,000	1,104,000	179,000
174. **Whirlpool** (Whirlpool Corp.)	Major appliances	20,225,000	20,286,000	15,337,000	14,025,000
175. **Florida citrus** (State of Florida)	Citrus products	20,203,000	18,706,000	16,746,000	12,79[illegible],000

* New product in year first shown.

Top 200 Millionaire Brands 1980-1981-1982-1983

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1983	1982	1981	1980
176. **Mobil** (Mobil Oil)	Corporate, gas, oil	20,029,000	23,940,000	25,245,000	18,392,000
177. **Pabst** (Pabst Brewing)	Beer	19,984,000	7,633,000	20,755,000	19,842,000
178. **Avis** (Esmark Inc.)	Car rental, car dealers	19,969,000	19,011,000	13,543,000	1,380,000
179. **United Artist** (MGM/UA Ent'ment)	Motion pictures	19,878,000	22,154,000	26,338,000	14,168,000
180. **Taster's Choice** (Nestle Enterprises)	Coffee	19,628,000	20,392,000	17,267,000	10,162,000
181. **Kroger** (Kroger Co.)	Retail	19,532,000	15,305,000	12,548,000	11,473,000
182. **Keebler** (United Biscuits)	Cookies, crackers	19,482,000	12,110,000	8,785,000	8,043,000
183. **Ragu** (Cheesebrough-Pond's)	Sauces, prepared mixes	19,442,000	24,120,000	16,238,000	18,215,000
184. **Dexatrim** (Thompson Medical)	Reducing aids	19,425,000	10,957,000	12,001,000	13,793,000
185. **Bayer** (Sterling Drug)	Medicines	19,286,000	22,096,000	24,650,000	23,519,000
186. **Paramount** (Gulf & Western)	Motion pictures	19,209,000	21,558,000	19,561,000	10,001,000
187. **Nature Valley** (General Mills)	Confectionery, snacks	19,131,000	16,479,000	10,069,000	5,795,000
188. **MasterCard** (MasterCard Intl.)	Credit card	18,935,000	14,999,000	12,494,000	8,954,000
189. **Merrill Lynch** (Merrill Lynch)	Financial, real estate	18,880,000	13,129,000	13,226,000	11,575,000
190. **New Freedom** (Kimberly-Clark)	Feminine hygiene	18,770,000	15,132,000	87,000	88,000
191. **Planters** (Nabisco Brands)	Nuts	18,682,000	17,390,000	10,947,000	8,278,000
192. **Finesse** (Helene Curtis)	Hair products	18,435,000	9,594,000*	—	—
193. **American** (American Motors)	Cars	18,433,000	19,138,000	29,588,000	31,148,000
194. **Luvs** (Procter & Gamble)	Underwear	18,376,000	20,497,000	17,982,000	18,262,000
195. **True** (Lorillard/Loews)	Cigarettes	18,326,000	18,836,000	15,782,000	18,270,000
196. **Brim** (General Foods)	Coffee	18,270,000	18,738,000	15,256,000	17,445,000
197. **Hardee's** (Imasco Ltd.)	Restaurants	18,169,000	11,191,000	8,670,000	8,977,000
198. **Texize** (Morton-Thiokol)	Cleaners, disinfectants	18,164,000	15,442,000	18,446,000	12,833,000
199. **Panasonic** (Matsushita Electric)	Office machines	18,150,000	15,422,000	11,898,000	7,613,000
200. **Weight Watchers** (H.J. Heinz Co.)	Prepared foods, physical culture	18,110,000	14,440,000	7,585,000	5,900,000

* New product in year first shown.

THE MEDIA CONSUMERS GUIDE

Decisions
14th
ANNUAL

MEDIA COSTS FORECAST

Issue Date: Mid-September
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This issue will be read, used and discussed at every level of media planning. To get in on the discussion, deliver your message in this year's Media Costs Forecast. It's the next best thing to having a seat at the planning table.

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or your Decisions representative at
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Directory of Top 200 Millionaire Brands

Media expenditures in eight major media (magazines, supps, newspapers, network tv, spot tv, network radio, spot radio, outdoor) in 1982 and 1983 — Key media decision makers in companies and their agencies. These brands spend about 35% of total.

1. SEARS
Sears, Roebuck and Co.

	media dollars 1982	media dollars 1983
Magazines	$ 48.231.000	$ 23.903.000
Supps	505.000	397,000
Newspapers	394.000.000	417.000.000
Network tv	87.540.000	62.706.000
Spot tv	12.631.000	20.866.000
Network radio	11.072.000	9.569.000
Spot radio	2.084.000	2.658.000
Outdoor	5.000	31.000
Total	**$556,068,000**	**$537,130,000**

Classification: all retail
Marketing/brand management:
Natl ret adv mgr, Ralph W. Hoch
Natl adv srvc mgr, Bill Cova
Media srvcs mgr: Bernie Miller (magazines, broadcast)
Dir of bdcst, Barbara Drier
Agencies: Ogilvy & Mather, Chicago
(Hardlines: auto, recreation home improvements; Business System Centers; network tv prime time buying; spot tv & spot radio buying)
Sr vp-mgng dir, Bill Whitney
Sr vp-grp mgmt supr, Allan Mager
Vp-acct suprs: Bob Carleton, Lisa Cochrane, Art Schulbaum, John Seifert
Sr vp-media dir, Bill Behrmann
Vp-assoc media dirs: Stan Latacha, Steve Lonning
Media suprs: Tom Bell, Dave Flockencier, Jeanne Johnson, Marilyn Kelly
Asst plnrs: Milcent Easley, Lisa Palumbo, Molly McGill, Tom Pfister
FCB, Chicago
(Corporate)
Sr vp-mgmt supr, Paul Vernon
Sr vp-dir of media, Fred Wray
Stern Walters/Earle Ludgin, Chicago
(Catalog, commercial sales)
Sr vp-mgmt rep, Maryanne Friend
Vp-media dir, Don Kaminky
Media suprs: John Kacmarek, John Zebell
NH&S, Chicago
(Softlines: home fashions; Tv sports: network tv & radio)
Pres, NH&S Chicago, C. A. Wolfe
Sr vp-grp acct dir, Robert Levin
Mgmt rep, Thomas Hanft
Acct suprs: Gary Benz (apparel), Carole Black, (home fashions), Karen Wagenknecht (merchandise group)
Sr vp-assoc media dir, David Drake
Vp-assoc media dir, Geoffrey McClelland
Media suprs: Christopher Abelt, Judith Fischer, Katherine Kneip
Media plnrs: Vick Lichtblau, Robert Harris, Scott Morehead
Vince Cullers, Chicago
(Black markets)
Vp-acct srvcs, Ed Reynolds
Media dir, Jeff Cullers
Hispania/JWT, Chicago
(Spanish markets)
Sr vp-gen mgr, Caroline Demy
Media dir, Nancy Tellet (N.Y.)

2. K MART
K mart Corp.

	media dollars 1982	media dollars 1983
Magazines	$ 8.933.000	$ 11.039.000
Supps	—	—
Newspapers	270 000 000	336 000 000
Network tv	22.470 000	23.539 000
Spot tv	7.447 000	7.977.000
Network radio	761.000	—
Spot radio	5.638 000	4.850.000
Outdoor	23 000	54 000
Total	**$325,302,000**	**$383,459,000**

Classification: all retail
Marketing brand management:
Vp-mktg, R. R. Dejaeghere
Vp-mdsg coor, J. L. Moser
Dir mktg, Edward J. Kreitz
Dir crtv adv, R. Mazade
Agency: Ross Roy, Detroit
Exec vp-ret oper, Peter Vetowich
Exec vp-dir crtv adv, Jack Frakes
Sr vp-grp acct supr, Byron Shaffer
Vp-grp acct supr, Roger Sherman
Sr vp-mktg srvcs, Gerald Moody
Vp-grp media dirs: Alfred A. Duz (print) Patricia Cuda (bdcst)

3. PENNEY'S
J. C. Penney

	media dollars 1982	media dollars 1983
Magazines	$ 11.285.000	$ 19.745.000
Supps	—	—
Newspapers	237.000.000	275.000.000
Network tv	23.788.000	31.858.000
Spot tv	13.522.000	15.233.000
Network radio	2.203 000	—
Spot radio	738.000	134.000
Outdoor	27.000	20.000
Total	**$288,563,000**	**$341,990,000**

Classification: all retail
Marketing brand management:
Vp-dir of corp mktg, H. Prindiville
Mgr of mktg comm, Lou Bremer
Mgr media srvcs, James F. Boynton
Natl media plnr, Dave Wood
Proj mgr, Stephen Brown-Pearn
Adv mgr Edward Hayward (financial services)
Dir of insurance oper, Joseph De Melio
Adv prom mgr, Rose Baker (Catalog division)
Sr vp-dir, Rod Birkins
Dir cat mdsg, Julius Debbs
Mgr cat mktg, Demos Zacharia
Dir cat adv & pubs, William Kelly
Agencies: N W Ayer, N.Y.
(fashions)
Sr vp-mgmt supr, Charles Meding
Vp-acct supr, Irma Damhuis
Vp-acct supr, James Hanzlik
Sr vp-grp media dir, Jane Twyon
Vp-assoc media dir, Allen Brivic

The expenditures in the eight major national advertising media of the top 200 advertised brands represents about 35% of all dollars invested in those media. For more detailed information on how each brand spends its ad dollars and for how other brands (those with budgets totalling less than $18.1 million in the eight major media) split their budgets, the sources are Leading National Advertisers, Broadcast Advertiser Reports, Media Records, and Radio Expenditure Reports.

(financial services)
Sr-vp, mgmt supr, John Nichols
Vp-acct supr, John Rayher
Acct supr, Linda Stack
Vp-assoc media dir, Richard Alcott
D'Arcy MacManus Masius/N.Y.
(catalog division)
Exec vp-grp dir, Stephen R. Seiler
Vp-mgmt supr, Dan Cole
Sr vp-exec dir media, George S. Karalekas
Sr vp-media dir, Raymond A. McArdle
Assoc media dir, Roger White
Media supr, Roger Rochefort

4. FORD cars & trucks

Ford Motor

	media dollars 1982	1983
Magazines	$ 47,444,000	$ 61,542,000
Supps	34,000	404,000
Newspapers	31,593,000	31,714,000
Network tv	98,437,000	133,887,000
Spot tv	34,208,000	61,450,000
Network radio	3,907,000	6,345,000
Spot radio	35,572,000	4,982,000
Outdoor	2,538,000	4,444,000
Total	**$253,733,000**	**$304,768,000**

Classifications: passenger cars (LNA T-110); trucks (LNA T-120)
Marketing/brand management:
(Ford Division)
Gen mktg mgr, T. J. Wagner
Adv mgr, E. B. Ford II
Natl adv mgr, R. J. Gillooly
Dealer adv mgr, Jon Deimel
(Ford Tractor Operations)
Mktg mgr, John Chuchman
Adv sales prom, A. Pridgeon
Agencies: JWT, Dearborn, MI
(Ford Division)
Exec vp-gen mgr, Joe Schulte
Sr vp-media, Tom Healy
Sr vp-grp media dir, Robert Mancini, (cars trucks)
Vp-media dirs: Howard Spokes (cars), John Gaffney (trucks)
Sr vp-bdcst supr, Daniel Riordan
Meldrum & Fewsmith, Southfield, MI
(Tractors)
Sr vp-gen mgr, J. C. Bryan
Vp-acct grp supr, Owen R. Leffler
Vp acct supr, R. R. Kracoe
Vp media dir, George Hay
Wells, Rich, Greene, N.Y. & Detroit
(Corporate, aerospace, glass, electrical, land, credit)
Sr vp-gen mgr, Jim Lawrence (Detroit)
Sr vp-corp media dir., Bob Geis (N.Y.)
Vp-media dir, Shel Jones (Detroit)
Hispania/JWT, Chicago
(Spanish markets)
Sr vp-gen mgr, Caroline Demy
Media dir, Nancy Tellet
Burrell, Chicago
(Black markets)
Mgmt supr, Thomas J. Burrell
Acct supr, Bill Trammell
Media dir, Nick Howse
Media supr, Zeline Kelly

5. AT&T/BELL

	media dollars 1982	1983
Magazines	$ 39,369,000	$ 53,574,000
Supps	818,000	2,875,000
Newspapers	6,248,000	24,135,000
Network tv	94,971,000	144,285,000
Spot tv	11,668,000	41,339,000
Network radio	7,319,000	9,512,000
Spot radio	1,076,000	27,949,000
Outdoor	287,000	39,000
Total	**$161,756,000**	**$303,709,000**

Classification: communications (LNA B-140)
Marketing brand management:
(AT&T Corporate)
Vp-corp adv srvc, James L. Brunson
Div mgrs, corp adv: David Shaver, Mary Dell Stelzer

WHY SEM SHOULD BE YOUR FIRST CHOICE AS A SECOND BUY.

The Guardian
Community News
The Lincoln Parker
The Allen Parker
Wayne Eagle
Advisor
News-Herald
The Belleville Enterprise
Canton Eagle
Inkster Ledger Star
The Macomb Daily
Dearborn Press
Westland Eagle
News-Herald

Because in Michigan SEM is second to none in suburban circulation for Wayne and Macomb Counties. To reach the southeastern suburbs, turn to the southeastern Michigan newspapers—SEM newspapers. SEM's network of 24 home town newspapers is your best choice as a second buy. Because when it comes to the SEM suburbs, The Detroit News gives you only 45%* household coverage. And the Detroit Free Press delivers even less—just 31%.* But SEM's coverage is a whopping 76%!

Because buying the two biggest papers won't get you the biggest audience. Buy The Detroit News and the Detroit Free Press and you get 458,966 readers. But buy The Detroit News and SEM and you get 526,313 readers, an increase of 67,347. Or buy the Detroit Free Press and SEM and get 877,465. That's 54.4% more. So SEM will add to your readers but it'll subtract from your cost. Call us and compare.

Because SEM newspapers not only deliver high circulation, they deliver high readership. The newspapers that cover hometown events are the newspapers hometown people read. And the news the other papers miss is the news SEM covers: the millage and property tax increases, the school election and bus schedules; all the little events that are big news to your customers are a big part of SEM. And a big part of why you should advertise in SEM.

So give your next buy a second thought. Now that you know all the reasons to buy SEM Newspapers, think of SEM first for your second buy.

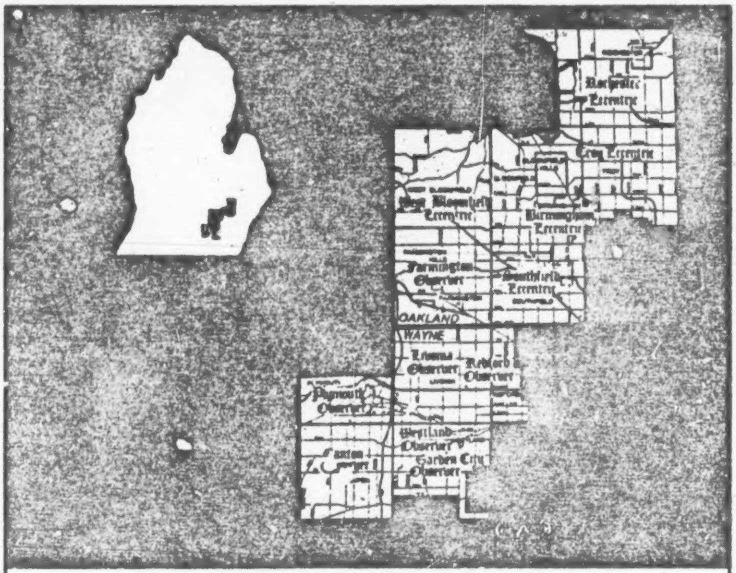
SOURCE: [illegible]
[illegible]

[illegible]

Your business is in their hometown. Shouldn't your advertising be?

SEM
NEWSPAPERS, INC.

Vp-pub rel, Edward M. Block
(AT&T Technologies)
Adv dir, R. J. Martin
(AT&T Communications)
Vp-con mkts srvcs, F. F. Stoddard
Dir of adv, Kim Armstrong
(AT&T Information Systems)
Vp, Hal Burlingame
Dir of adv, Richard Draper
(AT&T Consumer Products)
Exec dir mktg, Art Freidman
Mgr adv & prom, Lee Blitoh
Agencies: N W Ayer, N.Y.
(corporate/inform)
Exec-vp-exec acct dir, Thomas F. Maxey
Sr vp-mgmt supr, Howard Stoner
Vp-acct supr, John Quigley
Vp-assoc-media dir, Suzanne Kaufmann
(AT&T Communications — long distance residential)
Sr vp-exec acct dir, Stan Mattison
Sr vp mgmt supr, Fred McClafferty
Vp-acct suprs: Anne MacDonald, Jim Haag
Sr vp-grp media dir, Jane Twyon
Assoc media dir, Matt Schach
(Consumer Products)
Sr vp-exec acct dir, Clark Hine
Sr vp-mgmt supr, Gerald Coleman
Vp-acct suprs: Chip Hartwell, Howard Tobias
Sr vp-grp media dir, Jane Twyon
Vp-assoc media dir, Richard Alcott
McCann-Erickson, N.Y.
(Long Lines)
Sr vp-mgmt rep, Hank O'Brien
Sr vp-acct dir, Tom Driscoll
Acct supr, Eric Keshin
Sr vp-media dir, Ira Carlin
Sr vp-media plng dir, Vince Rafti
Vp-assoc plng dir, Vince Tortorelli
Media grp head, Lee Oakes
Ogilvy & Mather, N.Y.
(AT&T Information Systems)
Sr vp-assoc media dir, Wilma Epstein
Vp-asst media dir, Andrea McAleer
Asst media dir, Alysia Dworin
Sr-vp-mgmt-supr, Kelly O'Dea
Vp-acct suprs: Irene Frary, Jeffrey Bertrand
Acct suprs: Bruce Nathanson, Edith Holden
(AT&T Technologies)
Sr vp-assoc media dir, Wilma Epstein
Vp-asst media dir, Andrea McAleer
Asst media dir, Alysia Dworin
Vp-acct supr, Gary Gigot
UniWorld Group, N.Y.
(Minority markets)
Vp-acct supr, Linda Dukette
Media dir, Glenn Miller



OUR DETROIT CIRCULATION: O

When you buy the Detroit market, you may want to buy one of Detroit's two daily newspapers, depending on who you believe to be number one that week. But Detroit's a funny market. Most of the upscale consumers who you want to reach, don't live in Detroit. *They live in the suburbs!*

If you want to reach these consumers in their own home town, you need Detroit's best suburban newspaper network... the Observer & Eccentric Newspapers. The 12 editions of the Observer & Eccentric newspaper network cover the most affluent communities in both Wayne and Oakland counties. In fact, Scarborough proves we deliver more readers than the Detroit News or the Detroit Free Press in important selected categories. Call Dan Chovanec, our Advertising Director, at (313) 591-2300. He'll tell you why you need Detroit's best suburban newspaper network — The Observer & Eccentric

THE
Observer & Eccentric
NEWSPAPERS
36251 Schoolcraft
Livonia, Michigan 48150

6. CHEVROLET
cars & trucks
General Motors

	media dollars 1982	1983
Magazines	$ 25,636,000	$ 31,560,000
Supps	—	394,000
Newspapers	30,022,000	23,472,000
Network tv	76,055,000	93,362,000
Spot tv	33,258,000	42,563,000
Network radio	327,000	159,000
Spot radio	13,959,000	11,337,000
Outdoor	4,924,000	5,487,000
Total	**$185,170,000**	**$208,334,000**

Classifications: passenger cars (LNA T-110; trucks (LNA T-120)
Marketing brand management:
Gen dir mktg, Thomas Staudt
Dir natl adv, T. R. Chick
Adv mgrs: S. D. McAvoy (cars), H. J. Cordes (trucks & wagons)

Agency: Campbell-Ewald, Detroit
Exec vp-acct dir., William J. Tausch
Exec vp-media dir, Thomas J. Glynn
Sr vp-assoc media dir, Ronald D. Geske
Sr vp-dir bdcst buying, Duane Kell (Cars)
Sr vp-mgmt supr (small cars), Don Williams
Sr vp-mgmt supr (big cars), Bud Allen
Vp-media grp supr, Paul Hunt (Trucks)
Sr vp-mgmt supr, Tony Hopp
Vp-media grp supr, Jack Martin

7. McDONALD's
McDonald's Corp.

	media dollars 1982	1983
Magazines	$ 878.000	$ 249.000
Supps	297.000	—
Newspapers	(no data)	(no data)
Network tv	59.876.000	80.931.000
Spot tv	94.156.000	105.025.000
Network tv	1.718.000	781.000
Spot radio	2.138.000	2.077.000
Outdoor	4.143.000	4.295.000
Total	$163,206,000	$193,358.000

Classification: restaurants (LNA G-330)
Marketing/brand management:
Exec vp-mktg, Paul F. Schrage
Asst vp-mktg, David Green
Dir of media, Laurie A. Grace
Vp-dir mktg, Emil Teri
Agencies: Leo Burnett, Chicago
Sr vp-media srvcs div, Willard Hadlock
Media dir, Sally Hunter
Acct dirs: Michael Allen, William Wohlfeil
Burrell, Chicago
(Black markets)
Acct dir, Fred Jackson
Act supr, Wendy Potter
Acct exec, Eunice Chaney
Media dir, Nick Howse
Media supr, Kevin Newell

Four-year trend totals start on page 56.

8. WARDS
Mobil Corp.

	media dollars 1982	1983
Magazines	$ 105.000	$ 162.000
Supps	—	—
Newspapers	157.000.000	168.000.000
Network tv	—	—
Spot tv	9.310.000	9.290.000
Network radio	—	—
Spot radio	1.345.000	754.000
Outdoor	18.000	13.000
Total	$167,878,000	$178,239.000

Classification: all retail
Marketing/brand management:
Exec vp-mktg, Charles J. Miller
Vp-adv/sales prom, David Snell
Corp media dir, Carol Brewster (print)
Admin adv mgr, E. D. Hawley
Agency: Media Bureau Intl., Chicago
(Tv time buying)
Pres, Richard Pickett
Vp, Norma Wren
Sr media buyer, Ingrid Acott, Peg Coty
Sr print buyer, J. Snyder

9. NISSAN cars, trucks
Nissan Motors Ltd.
(includes Datsun)

	media dollars 1982	1983
Magazines	$ 12.751.000	$ 13.373.000
Supps	262.000	96.000
Newspapers	9.711.000	9.276.000
Network tv	23.253.000	33.603.000
Spot tv	52.514.000	53.157.000
Network radio	—	—
Spot radio	11.383.000	10.850.000
Outdoor	1.384.000	1.556.000
Total	$111,258,000	$121,911,000

Classifications: passenger cars (LNA T-110); trucks (LNA-T-120)
Marketing/brand management:
Vp-mktg srvcs, Bob Kent
Dir adv, Joe Opre
Media plng mgr, Susan Furedi
Agency: William Esty, N.Y.
Sr vp-mgmt supr, George Beech
Sr vp-acct supr, Bob Crothers (L.A.)
Sr vp-media dir, Peter Triolo (N.Y.)
Sr vp-grp media dir, Lucielle Gronet
Assoc media dirs: Patricia Halliwell (N.Y.) Jolene Fredrick (L.A.)
Media supr, (N.Y.), Phyllis Joseph

10. BUDWEISER beer
Anheuser-Busch

	media dollars 1982	1983
Magazines	$ 2,560,000	$ 5,208 000
Supps	—	—
Newspapers	1.929.000	2,242,000
Network tv	50.479.000	68.165.000
Spot tv	21.905.000	30.094.000
Network radio	4.572.000	4.052.000
Spot radio	20.261.000	19.804.000
Outdoor	3.191.000	2.217.000
Total	$104,897,000	$131,782,000

Classification: beer (LNA-F-310)
Marketing/brand management:
Vp-mktg, Michael J. Roarty
Vp-brand mgmt, Jack MacDonough
Vp-corp media, Charles B. Fruit
Dir media srvcs, Tony Ponturo
Grp mktg mgr, Thomas R. Sharbaugh
Sr prod mgrs: Bob Merz, Bob Goughenour (Bud Light)
Agencies: D'Arcy MacManus Masius, St. Louis
Sr vp-grp mgmt supr Budweiser, Tim Arnold
Vp-acct supr, Todd Abrams
Sr acct exec, Rich Lalley
Acct execs: Fred Wolter, Mike McNeal
Sr vp-dir media srvcs, Frank Kopec
Sr vp-grp media dir, Steve Phelps
Vp-assoc media dir, Beth Seib
Media supr, Bernadette Cognac
Media plnrs: Sue Aubuchon, Robin Droste
NH&S, Chicago
(Bud Light)
Sr vp-media dir, Michael White
Sr vp-assoc media dir, David Drake
Vp-dir media oper, William Heimann, Jr.
Vp-assoc media dir, Gary Mueller
Media suprs: Penny Derer, Patrick McDonough
Media plnrs: Edward R. Berry, Susan Krebs
Media assts: Regina M. Broccolo, Nancy Olson
Sr vp-grp acct dir, Ron Bess
Vp-acct supr, John Greening
Acct exec, Stephens Jackson
Asst acct exec, Debra Rosenberg
Acct coor, Ginny Zook
Castor Spanish Intl., N.Y.
(Spanish markets — product)
Pres, Castor Fernandez
Exec vp-acct supr, Arturo Andrade
Media dir, Carlos Delgado
Asst media dir, Olga Hoffman
Head media buyer, Nieves Diaz
Media asst, Gustavo Gatell

11. MILLER beer

Philip Morris

	media dollars	
	1982	1983
Magazines	$ 1,555,000	$ 1,352,000
Supps	—	—
Newspapers	49[illegible],000	1,556,000
Network tv	74,651,000	84,082,000
Spot tv	19,868,000	22,374,000
Network radio	—	—
Spot radio	16,051,000	15,194,000
Outdoor	661,000	470,000
Total	$113,276,000	$125,028,000

Classification: beer (LNA F-310)

Marketing/brand management:

Exec vp, Lauren S. Williams

Vp-brand mgmt, William W. Catlin

Grp prod dir, Robert Toledo (Lite)

Brand mgrs: Douglas E. Rogers (High Life), William H. Barrett (Lite)

Victor Imbimbo, Jr. (new products)

Agencies: Backer & Spielvogel, N.Y.

Sr vp-grp mgmt rep, Jeffrey Palmer

Sr vp-mgmt rep, Dean Scaros

Exec vp-acct srvcs, Bob Holmen

Exec vp-dir media srvcs, Stephen Leff

Sr vp-media dir, Jay Schoenfeld

Vp-assoc media dir, Scot Butler

Mingo-Jones, New York

(ethnic markets)

Sr vp-dir client srvcs, Samuel Chisholm

Sr acct exec, Eric Randolph

Acct suprs: William McGugins (High Life), Marty Fortes (Lite)

Media mgr, Betty Robinson

Media plnr, Deborah Gray

Media buyer, Yvonne Love

12. KELLOGG'S products

Kellogg Co.

	media dollars	
	1982	1983
Magazines	$ 8,437,000	$ 6,181,000
Supps	[illegible]6,000	290,000
Newspapers	2,044,000	2,3[illegible]5,000
Network tv	57,413,000	73,006,000
Spot tv	27,292,000	34,130,000
Network radio	—	—
Spot radio	7[illegible],000	460,000
Outdoor	254,000	8,000
Total	$96,530,000	$116,470,000

Classifications: cereals (LNA F-122), bakery goods (LNA F-160)

Marketing brand management:

Sr vp-mktg, M. D. Simpson

Cat mgr-RTE cereals, W. H. Weintraub

Agencies: Leo Burnett, Chicago

Exec vp-client srvcs, W. T. Lynch

Vp-acct dir, J. M. Jenness

Sr vp-media srvcs dir, Willard Hadlock

Media dir, Lincoln Bumba

J. Walter Thompson, Chicago

Sr vp-grp acct dir, J. F. Tukey

Sr vp-acct dir, G. S. Moss

Vp-grp acct media dir, S. Buerger

Vince Cullers, Chicago

(Black markets)

Vp-acct srvcs, Ed Reynolds

Media dir, Jeff Cullers

13. CHRYSLER cars

Chrysler Corp.

	media dollars	
	1982	1983
Magazines	$ 8,849,000	$ 17,609,000
Supps	—	—
Newspapers	16,789,000	14,168,000
Network tv	34,471,000	35,672,000
Spot tv	12,185,000	38,380,000
Network radio	813,000	680,000
Spot radio	28,293,000	6,358,000
Outdoor	583,000	2,674,000
Total	$101,983,000	$115,541,000

Classification: cars (LNA T-110)

Marketing brand management:

Vp-mktg, J. A. Campana

(corporate)

Corp adv mgr, J. L. Hickey

Adv mgr, T. Pride

(cars)

Gen mktg mgr, A. C. Liebler

Natl adv mgr, A. C. Kesteloot

Adv mgrs: G. A. Northrop (cars), A. D. Imber (retail)

Agencies: Kenyon & Eckhardt, Detroit

Exec vp, Peter S. Dimsey

Sr vp-grp mgmt supr, J. R. Heekin

Sr vp-mgmt supr (dealer assn), J. P. Hickey

Vp-acct supr, J. A. Jacobs

Sr vp-media dir, P. D. Matz

Sr vp-dir media plng, E. E. Kruger

Vp-assoc media dir, M. Vogel (cars)

Plnr, D. Bean (cars)

Dealer assn plng buying, Pam Iverson

(corporate)

Exec vp, Peter S. Dimsey

Sr vp-mgmt supr, W. J. Shea

Acct supr, J. Else

Sr vp-media dir, P. D. Matz

Sr vp-dir media plng, E. E. Kruger

Assoc media dir, J. A. Va[illegible]ia

Ross Roy, Detroit

(corporate-collateral)

Exec vp, Dick Ward

Sr vp, Jack C[illegible]ver

Vp-grp acct suprs: Don Baldwin, Don Scheich, Jim Vehko, Jim San Filippo

14. KRAFT

Dart & Kraft Inc.

	media dollars	
	198[illegible]	1983
Magazines	$ 17,711,000	$ 23,576,000
Supps	379,000	1,412,000
Newspapers	3,955,000	4,100,000
Network tv	37,074,000	54,758,000
Spot tv	46,020,000	23,160,000
Network radio	470,000	1,984,000
Spot radio	1,395,000	866,000
Outdoor	47,000	19,000
Total	$107,051,000	$10[illegible]75,000

Classifications: cooking products (LNA F-110); dairy products (LNA F-130); prepared foods (LNA F-120); confectionery (LNA F-210); bakery goods (LNA F-160); beverages (LNA F-170)

Marketing brand management:

Exec vp mktg, J. Dorret

Vp-dir, R. Morrison (refrig prod)

Vps-mktg: D. Blue, J. Craig, H. Roberts

Vp-dir adv & mktg srvcs Retail Food Group, James R. Blocki

Dir adv, R. K. Powell

Mgr adv srvcs, W. Landgraf

Asst adv prod srvcs mgr, Casandra Reese

Grp brand mgrs: E. [illegible] Hale (jellies, confections); J. L. MacDonald (pourables); P. Euranich, H. E. Jolly, T. Van Aman, M. Haben, S. Gelman, R. Eckert (cheese); [illegible] Scott (dinners BBQ); R. Martin (viscous dressings); R. Lenny (margarine)

Agencies: FC&B, Chicago

(Retail Food Group)

Sr vp-grp mgmt supr, J. J. Cerasani

Vp-mgmt supr, Terri Shapiro

Acct suprs: L. Kasdan (dinners confections), J. Pearl (BBQ;

Acct execs: P. Smith (dinners), L. McGivern (BBQ), L. Bellar (youth new products

Sr vp-media dir, Fred Wray

Grp media dir, Ralph Katz

Media suprs: Katie Donoval, M. Ceschin

NH&S, Chicago

(Parkay, fruit spreads, mustard, Philadelphia Brand dressing, Cheez'n Crackers, new products)

Sr vp-grp acct dir, Jack W. Copher

Vp-acct dir, Kathie McKirdy

Vp-acct suprs: V. K. [illegible]elson, Nancy Van Grinsven, Steven Seyferth

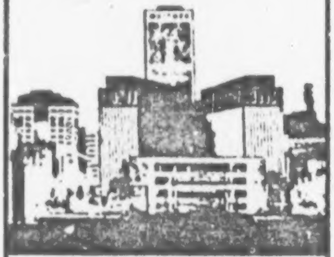
Acct coor, Joanne [illegible]rabo

Sr vp-media dir, Michael White

Sr vp-assoc media dir, David Drake

Vp-dir media oper, W. F. Heimann, Jr

New Product?



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Omaha World-Herald,
World-Herald Square,
Omaha, NE 68102
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Omaha World-Herald

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Vp-assoc media dir. Diane Niederman
Media suprs: Lisa C. Nelson, Vickie Szombathy
Media plnrs: Erin Houlihan, Jeffrey Rezzuto, Ann Vail
Media assts. Emily J. Kirsch, Marc Mickiewicz

JWT, Chicago
(Food service, industrial, cheese, salad products)
Sr vp-grp acct dir. R. L. McCullough (corp intl), Bruce Beach (retail foods)
Vp-mgmt suprs: George Schott (viscous dressings), Tom Hamilton (food service military), Rick Anderson (cheese)
Sr acct supr. M. Keenan
Acct suprs: D. Cosyns, D. Blanton
Sr vp-media dir. Robert H. Irvine
Vp-grp acct media dirs: Nadine Martens, Robin Lampert
Vp-acct media dir. John Biedemann

N W Ayer, Chicago
(Frozen foods)
Sr vp-mgmt supr. J. Titus
Vp-acct supr. Leslie Carothers
Acct supr. Diane Chun-ming
Vp-media srvcs dir. Tom Spasari

N W Ayer, N.Y.
(Dairy products group)
Sr vp-exec acct dir. Ruth A. Salevouris
Sr vp-mgmt supr. Lauren Tucker
Acct suprs: Victoria Squires, Peter Varvara
Vp-grp media dir. David Lehmkuhl
Vp-assoc media dir. Jim Mitchell

Geers Gross, N.Y.
(Diary products group)
Vp-mgmt suprs: Dennis Fogarty, Ira Matathia
Acct suprs: Stephen Lloyd, Peter Konigsbacher
Acct execs: Tricia Benz, Liz Ryba, Maureen Hutchinson
Sr vp-media dir. Russell Gilsdorf
Vp-assoc media dir. Joy Galligan
Plng supr. Reatha Slaven
Sr plnr. Sherry Pinkof
Plnrs: Debbie Kanelstein, Ruth Darren, Curtiss Bruno

Hispania JWT, Chicago
(Spanish markets)
Sr vp-gen mgr. Caroline Demy
Media dir. Nancy Tellet (N.Y.)

Proctor & Gardner, Chicago
(Black markets)
Sr vp-acct supr. Rolfe Kolconay
Vp-media dir. Anthony Moore

Four-year trend totals start on page 56.

15. PURINA pet food
Ralston Purina

	media dollars 1982	1983
Magazines	$ 7.855.000	$ 12.125,000
Supps	1.246.000	1.102,000
Newspapers	2.163.000	1,565,000
Network tv	71.570.000	76.838,000
Spot tv	11.440.000	15.825,000
Network radio	—	—
Spot radio	221.000	37,000
Outdoor	110.000	136,000
Total	$94,605,000	$107,628,300

Classification: pet food supplies (LNA G-530)
Marketing brand management:
Vp-dir of adv. William M. Claggett
Corp vp-dir mktg res. Pat McGinnis
Media comm dir. F. Lee Zingale
Media dirs: Mary Howard, Don Martin

Agencies: Wells, Rich, Greene, N.Y.
Sr vp-acct grp head. James Weinstein
Sr vp-corp media dir. Robert Geis
Vp-plng srvc dir. Steve Zigler
Vp-plng grp head. Pat Casa

Della Femina, Travisano & Partners
(Meow Mix, new products)
Chmn. Jerry Della Femina
Sr vp-media dir. Ned Gelbrand

Gardner, St. Louis
Pres. C. Kelly O'Neill
Sr vp-gen mgr. Larry Noedel
Vp-mgmt reps: John Fox, Bill Lahaman

Advanswers Media Programing, St. Louis, New York, Los Angeles
(Sub. Gardner Advertising)
Pres. Donald Stork
Exec vp. Jack Shubert
Pres ntwk subsidiary. Paul Schulman (N.Y.)

Averett, Free & Ginsberg, N.Y.
Sr vp-mgmt supr. Ron Thomas
Sr vp-media dir. Abe Mendel

Tatham Laird & Kudner, Chicago
Mgmt. supr. Tom Hazlett
Acct supr. Roberta Borst
Acct execs: Alicia Howington, Gavan Goodrich
Sr prtnr-dir media oper. Phil Gerber
Assoc media dir. Joanne Franck
Media supr. Mary Krueger

Don Tennant, Chicago
(Thrive, new products)
Pres-ceo. Thomas J. Prcnal
Vp-mgmt dir. Alan L. Moser
Acct suprs: Robert Meuser, Uwe Wende
Acct exec. Bill Freeman
Vp-dir media srvcs. James W. Gustafson

MCA Advertising, N.Y.
Pres. William Bishop
Exec vp-acct mgmt. Warren Doechler

Sr vp-media dir, Dawn Sibley
Vp-assoc media dir, Laura Hartenbaum
Asst media dir, Janet Shechter
Sr media plnr, Molly Hood
TBWA, New York
Pres, Richard Costello
Sr vp-acct mgmt, William Oakey
Vp-mgmt supr, Mark Polan
Vp-media dir, Claude Fromm

16. HONDA
Honda Motor Co.

	media dollars	
	1982	1983
Magazines	$15,446,000	$ 19,991,000
Supps	343,000	459,000
Newspapers	6,792,000	7,282,000
Network tv	29,887,000	41,529,000
Spot tv	14,556,000	17,976,000
Network radio	1,239,000	2,636,000
Spot radio	11,866,000	10,992,000
Outdoor	3,043,000	2,978,000
Total	**$83,172,000**	**$103,843,000**

Classifications: motorcycles (LNA G-440); passenger cars (LNA T-110); building equipment (LNA H-520); garden machinery (LNA T-610)
Marketing brand management:
(passenger cars)
Sr vp, Cliff Schmillen
Natl adv mgr, Eric Conn
(Motorcycles, motor scooters, all-terrain vehicles)
Mgr natl motorcycle adv, Jon Row
Asst natl adv mgr, Neil Leventhal
Agencies: NH&S, Los Angeles
Sr vp, Bob Welsh
Sr vp-mgmt rep, Bill Hagerstein
Vp-acct dir, Tom Cavanagh
Acct suprs: Julie Boston, Joan Egan, Tony Andolino
Dir of media resources, Emil Iannaccone
Assoc media dir, Jack Valente
Dailey & Assoc, Los Angeles
(Motorcycles)
Sr vp-mgmt supr, Mike Nyerges
Sr vp-media dir, Marc Feidelson
Vp-assoc media dir, George Troll
Asst media dir, Marvin Press

For alphabetical index, turn to page 52.

17. IBM
International Business Machines

	media dollars	
	1982	1983
Magazines	$12,530,000	$ 27,172,000
Supps	740,000	1,057,000
Newspapers	7,228,000	11,720,000
Network tv	17,633,000	52,409,000
Spot tv	3,861,000	5,006,000
Network radio	1,590,000	507,000
Spot radio	2,774,000	5,474,000
Outdoor	68,000	13,000
Total	**$46,424,000**	**$103,358,000**

Classification: office machines (LNA B-310)
Dir adv, C. G. Francis
Mgr corp print, Roger Baker
Mgr corp tv, Don Frischman
(Information Systems Group)
Dir of adv, Antoinette Emerson
Mgr of adv, Don Butters
(National Marketing Div)
Mgr adv, Bob Rich
(National Account Div)
Mgr adv, Bob Blair
(Federal Systems)
Mgr adv, Bill Corey
(IBM World Trade — A FE)
Mgr adv, Bob O'Leary
Agencies: DDB, New York
Exec vp-media & prog, Mike Drexler
Vp-media plng dirs: John Pansuti, Conant Sawyer
Grp sr vp, Lloyd Highbloom
Vp-mgmt suprs: Nancy Wiese (Product Centers), Joe Dell Aquila (ISG)
Lord, Geller, Federico, Einstein, N.Y.
(Corporate)
Sr-mgmt supr, Albert Berger
Vp-mgmt supr, Tina McDermott
Vp-acct supr, Moira Hearne
Acct supr, Tunis Denise
Acct exec, Abby Warner
(personal computers)
Sr vp-mgmt supr, Robert Wells
Vp-acct supr, John Steinle
Acct supr, Fred Mauer
Acct execs, Don Kurn, D. de Simone, Scott Lackey, Martha Pease
Vp-media dir, Marianne Caponnetto
Assoc media dirs, Mark Hintsa (corporate), Stan Kreiser, Larry Orell (personal computers)
Geer, DuBois, N.Y.
Sr vp-media dir, Alan Johnson
Vp-media plng dir, Joy Sliwa
Sr vp-grp acct supr, John V. Allen
Vp-acct suprs, Linda Wenger, Steve Farricker
Marsteller, N.Y.
(IBM Federal Systems)
Vp-mgmt supr, Jim Waechter
Acct exec, Debbie McAlister
Vp-dir of media, Carla Loffredo
Media supr, Merrille Leder
Sr plnr, Michael Sadowsky
Compton, N.Y.
Sr vp-acct supr, John Ammon
Acct mgrs: Susan Hills, David Smith, Joan Hulton

18. DODGE
cars and trucks
Chrysler Corp.

	media dollars	
	1982	1983
Magazines	$10,078,000	$ 19,327,000
Supps	731,000	137,000
Newspapers	12,406,000	16,985,000
Network tv	24,063,000	35,608,000
Spot tv	11,304,000	25,271,000
Network radio	2,107,000	2,179,000
Spot radio	4,387,000	2,642,000
Outdoor	300,000	808,000
Total	**$65,376,000**	**$102,957,000**

Classifications: passenger cars (LNA T-110); trucks (LNA T-120)
Marketing brand management:
Vp-mktg, J. A. Campana
(cars and trucks)
Gen mktg mgr, J. N. Caddell
Natl adv mgr, J. J. Cronin
Adv mgrs: L. F. Farrell (cars), Jim Jandasek (trucks), K. J. Laurence (intl.)
Agency: BBDO, Detroit
Exec vp-gen mgr, Jim Berline
Sr vp-mgmt suprs: Bill Oswold (cars), Ken Steadman (trucks)
Sr vp-exec dir media srvcs, Eugene McCarthy
Vp-media dirs: Karen Ritchie (trucks), Ted Zahrfeld (cars)
Vp-mgr tv radio, Susan Stoll
Vp-media supr, Larry Harrabadian (cars)
Media supr, J. Caponigro (trucks)

19. TOYOTA
cars and trucks
Toyota Motors

	media dollars	
	1982	1983
Magazines	$ 10,835,000	$12,415,000
Supps		26,000
Newspapers	15,610,000	12,571,000
Network tv	21,244,000	22,853,000
Spot tv	63,830,000	42,506,000
Network radio	250,000	20,000
Spot radio	3,623,000	3,343,000
Outdoor	2,528,000	2,284,000
Total	**$119,036,000**	**$96,015,000**

Classifications: passenger cars (LNA T-110); trucks (LNA T-120)
Marketing/brand management:
Vp-corp mktg, Warren E. Christeil
Oper vp-sales mktg dist, Robert McCorry
Natl adv mgr, Jack Collins
Adv prgms mgr-media, Silvia Voegele
Agency: DFS, New York
Mgmt reps: Stuart Upson, Jim Lindsey (N.Y.); Norman Lauchner (L.A.)
Exec vp-dir media srvcs, Allen Banks
Sr vp-sr assoc media dir, Louis Capozzoli
Vp-assoc media dir, John Adams

20. KODAK cameras, film

Eastman Kodak

	media dollars 1982	media dollars 1983
Magazines	$14,637,000	$16,315,000
Supps	597,000	572,000
Newspapers	3,623,000	5,105,000
Network tv	33,267,000	56,454,000
Spot tv	5,843,000	8,649,000
Network radio	1,609,000	726,000
Spot radio	1,818,000	988,000
Outdoor	593,000	1,776,000
Total	$61,987,000	$90,585,000

Classifications: cameras (LNA G-230); office machines (B-310)
Marketing/brand management:
Vp-gen mgr, U.S. mktg div, W. J. Prezzano
Vp-dir mktg comm, J. J. Powers
Dir mktg comm, consumer, professional, finishing markets, R. H. McCoy
Agencies: J. Walter Thompson, N.Y.
Sr vp-mgmt dir, John Maher
Sr vp-acct dirs: Jon Tracosas (film, paper, processing), JoAnne Laine (cameras, intl. business systems)
Acct suprs: Rich Brown, Ann Carter, Michelle Williams (Intl.), Cynthia Krimezis
Acct reps: Kathy Ordan, Warren Milick, Bobbie Schanz (cameras)
Mgmt suprs: Gary Steele (cameras); Ernest Emerling, (intl.); Howard Holden, Bill Mick (business systems)
Sr vp-media dir, Richard Kostyra
Sr vp-dir media plng, John Gray
Sr vp-ntwk bdcst, John Sisk
Vp-assoc media dirs: David Murphy, Gwyn Kaufman
Young & Rubicam, N.Y.
(instant photography, copiers)
Sr vp-mgmt supr, Edward Comiskey
Vp-acct supr, Paul Arby
Acct exec, Susan Santinell
Sr vp-media grp supr, George Sharpe
Media supr, Donald Davis
Rumrill-Hoyt, Rochester, NY
(corporate)
Mgmt supr, Joseph M. Valerio
Grp mgr, Dave Fisher
Acct suprs: Vicki Lewis, Ralph Simolo, Bob Davision
Acct execs: Kip Brown, Helen Hutchings, Marlene Morgan
Media dir, William Mackey
Media plnr, Don Cramer
McCann-Erickson, N.Y.
Acct supr, Gina Gordon
Assoc plng dir, Vince Totortorelli

21. BURGER KING restaurants

Pillsbury

	media dollars 1982	media dollars 1983
Magazines	$ 94 000	$ 843 000
Supps	134 000	—
Newspapers	87 000	—
Network tv	35 400 000	35 642 000
Spot tv	28 759 000	46 823 000
Network radio		810 000
Spot radio		4 316 000
Outdoor	691 000	943 000
Total	$65 165 000	$89 377 000

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New York (212) [illegible]

CAPPER'S WEEKLY & GRIT
America's Family Publications

National Media Division of Stauffer Communications, Inc.

Classification: restaurants (LNA G-330)
Marketing/brand management:
Exec vp-mktg, Kyle Craig
Sr vp-mktg, Don Dempsey
Vp-adv/prom, Nick Castaldo
Vp-mkt res, Mike McCaffrey
Dir new prod mktg, Greg Thomas
Agency: J. Walter Thompson, N.Y.
Exec vp-gen mgr, Steve Bowen
Acct dir-natl new prods, George Austen
Mgmt supr, Nancy Hallberg
Acct reps: Kendall Crolius, Daniel Katsin
Sr vp-media dir, Richard Kostyra
Sr vp-dir media plng, John Gray
Sr vp-assoc media dir-net neg, Arnold Chase
Vp-assoc media dir, Al Romano
Plnr, Larry Duke
UniWorld Group, N.Y.
(Minority markets)
Mgmt supr, Calvin McDowell
Acct supr, Miriam Muley
Media dir, Glenn Miller

22. PEPSI-COLA

(includes Diet Pepsi, Pepsi Light, Pepsi Free)
PepsiCo

	media dollars 1982	1983
Magazines	$ 271,000	$ 62,000
Supps	—	—
Newspapers	1,786,000	3,710,000
Network tv	13,319,000	18,267,000
Spot tv	40,784,000	55,779,000
Network radio		—
Spot radio	8,825,000	6,608,000
Outdoor	999,000	1,684,000
Total	$65,984,000	$86,110,000

Classification: soft drinks (LNA F-220)
Marketing brand management:
Vp-mktg, Dan Clark
Media dir, Henry V. Hayes
Natl media mgr, Ron Mednick
Agency: BBDO, New York
Exec vp-sr mgmt rep, Gary DePaolo
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir of media plng srvcs, Mike Drake
Sr vp-dir ntwk tv & prog, William Croasdale
Vp-assoc dir ntwk plng, Susan Auerbach
Vp-assoc media dir, Ivan Becker
Vp-ntwk supr, John Mattimore
Ntwk buyer, Pat McGovern
Media suprs: Rene Goldmuntz, Tom O'Brien
Media plnrs: Doug White, Marlene Flynn
Mingo-Jones, New York
(ethnic-creative)
Sr vp-dir client srvcs, Samuel Chisholm
Acct exec, Eric Randolph

23. PONTIAC cars

General Motors

	media dollars 1982	1983
Magazines	$10,240,000	$11,684,000
Supps	—	—
Newspapers	5,292,000	6,062,000
Network tv	20,450,000	19,696,000
Spot tv	16,770,000	33,935,000
Network radio	—	—
Spot radio	809,000	1,536,000
Outdoor	97,000	507,000
Total	$53,658,000	$73,420,000

Classification: cars (LNA T-110)
Marketing/brand management:
Gen mgr, W. E. Hoagland
Gen sales mgr, W. W. Lane
Dir of mdsg, James Graham
Adv mgr, C. A. Curry
Agency: D'Arcy MacManus Masius/ Bloomfield Hills, MI
Vice chmn, Robin Smith
Vp-dir mktg & res, Charles Stannard
Vp-grp supr, Mark Gjouik
Vp-acct suprs: George Acree, Randall [illegible]ood, Patricia Aulgur, Michael Valent
Sr vp-media dir, George Rogers
Vp-assoc media dir, Dave Irvine
Sr vp-mgmt supr, Don Effler

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For alphabetical index, turn to page 52.

Move More Product in Maine.

NEW ENGLAND ADI GROWTH TRENDS
(Annual avg 1970-80)

POPULATION	
1. PORTLAND	**1.7%**
2. Boston	.5
3. Hartford	.2
4. Springfield	even
5. Providence	(.3)
HOUSEHOLDS	
1. PORTLAND	**3.6%**
2. Boston	2.1
3. Hartford	1.8
4. Springfield	1.6
5. Providence	1.2
RETAIL SALES	
1. PORTLAND	**17.9%**
2. Springfield	13.8
3. Providence	12.4
4. Boston	11.9
5 Hartford	11.9
EBI	
1. PORTLAND	**16.5%**
2. Boston	15.3
3. Springfield	15.1
4. Hartford	14.2
5. Providence	13.9

Source S&MM Survey of Buying Power – 1971 & 1981

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Maine Sunday Telegram

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Roger Power (Landon-NYC) 212-867-1112,
Jim McNeil (Landon-Boston) 617-266-2141

Portland, ME

PORTLAND NEWSPAPERS 390 Congress Street Portland ME 04104 (207) 775-5811

24. COCA-COLA

soft drink

(includes diet Coke, Coke)
Coca-Cola U.S.A.

	media dollars 1982	media dollars 1983
Magazines	$ 276.000	$ 541.000
Supps	—	—
Newspapers	2.535.000	4.267.000
Network tv	17.197.000	15.355.000
Spot tv	26.878.000	45.010.000
Network radio	—	—
Spot radio	6.123.000	5.075.000
Outdoor	2.602.000	2.813,000
Total	**$55.611,000**	**$73,061,000**

Classification: soft drinks (LNA F-220)

Marketing brand management:
Sr vp-mktg. Sergio Zyman
Mktg dirs: Henry Cardello (regular), Mike Beindorf (diet)
Brand mgrs: Patrick Meyer (regular), Kevin Jeter (reg caffein-free) Mike Mainthow, (diet), Dan Sayre (diet caffein-free)
Corp media dir — worldwide, William H. Lynn
Dir of media — Coca-Cola U.S.A., Charlotte Weissenberger

Agencies: McCann-Erickson, N.Y./Atlanta
Vice chmn, McC-E Worldwide, John F. Bergin
Exec vp-mgmt rep, worldwide, Ron Sugarman (Atlanta)
Sr vp-mgmt rep USA, Steve Bretschneider
Vp-mgmt supr, Wayne Thornhill
Vp-acct supr, Terry Fagan
Sr vp-media dir, Ira Carlin
Vp-media grp head, Kevin Mannion

SSC&B, New York
(diet Coke)
Exec vp-Stephen Noicia
Vp-mgmt supr, Rudy Bechtel
Acct supr, John Fraser
Vp-assoc media dir, Janice Clements

Castor Spanish Intl., N.Y.
(Spanish markets — corporate product)
Pres. Castor Fernandez
Exec vp-acctr supr, Arturo Andrade
Media dir, Carlos Delgado
Asst media dir, Olga Hoffman

Burrell, Chicago
(Black markets)
Mgmt supr, Sarah Burroughs
Acct supr, Frieda Curry
Media dir, Nick Howse
Media supr, Donna Beasley

25. ATARI

Warner Communications

	media dollars	
	1982	1983
Magazines	$ 8,559.000	$ 5.894.000
Supps	21.000	377.000
Newspapers	8.520.000	4.244.000
Network tv	50.838.000	50.035.000
Spot tv	13.415.000	9.652.000
Network radio	1.178.000	373.000
Spot radio	1.894.000	2.109.000
Outdoor	19.000	10.000
Total	**$86,338.000**	**$72,694.000**

Classifications: games (LNA G-450): home electronics (LNA H-320)

Marketing/brand management:
Chmn, ceo, James J. Morgan (corporate/consumer electronics)
Exec vp-adv mktg, David N. Ruckert
Vp-media, Richard Glosman
Dir of media, Robert T. Hanley
Dir of intl adv D ck Arroyo
Agencies: DDB, New York
(Home video games, software hardware and co-op)
Exec vp-Peter Falcone
Sr vp-mgmt supr, David R. Sklaver
Vp-mgmt supr, Gregg Braver
Acct suprs: Norman Hajjar, Michael Healy
Acct exec, Stanton Sillser
Exec vp-media prog, Michael D. Drexler
Vp-media plng dir, Conant Sawyer
Assoc media plng dir, Shirlyn Mandel
Wells, Rich, Greene, N.Y.
(Pre-school home computer div., software, AtariTel)
Sr vp-acct grp head, Bob Moehl
Vp-mgmt suprs: Randy Denosowicz (Pre-school), Richard Khaleel, JoA[illegible] Davis
Sr vp-corp media dir, Robert Geis
Vp-media grp head, Patricia Casa

26. MERCURY cars

Ford Motor

	media dollars	
	1982	1983
Magazines	$ 4 658 000	$13 261 000
Supps	—	652 000
Newspapers	3 958 000	6 692 000
Network tv	19 208 000	32 315 000
Spot tv	9 281 000	17 925 000
Network radio	1 285 000	—
Spot radio	597 000	58 000
Outdoor	128 000	821 000
Total	**$39,115.000**	**$71,724.000**

Classification: passenger cars (LNA T-110)

Marketing/brand management:
Gen mktg mgr, Ross H. Roberts
Adv mgr, John B. Vanderzee
Agency: Young & Rubicam, Detroit
Exec vp-grp dir, John Sanders
Sr vp, C. E. Riley
Vp-media dir, Ken Pool

27. MARLBORO cigarettes

Philip Morris

	media dollars	
	1982	1983
Magazines	$41.677.000	$39.159.000
Supps	4.104.000	3.154.000
Newspapers	13.207.000	11.062.000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	16 877.000	17 215 000
Total	**$75,865,000**	**$70,590,000**

Classification: tobacco (LNA G-110)

Marketing brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Bob Roper
Br[illegible]gr., Richard Stirlin
Vp-media, James L. Thompson Jr.
Agency: Leo Burnett, Chicago
Sr vp acct dir, Jim Oates
Vp acct dir, Peter Volz
Acct supr, Tom Dudrek
Sr vp media srvcs div, Willard Hadlock
Vp-media dir, Bob Houghtlin

28. MATTEL toys

Mattel

	media dollars	
	1982	1983
Magazines	$ 8.188 000	$ 3.132.000
Supps	317 000	42 000
Newspapers	4 805 000	714.000
Network tv	55 533 000	51.656.000
Spot tv	16 052 000	14.440.000
Network radio	—	—
Spot radio	155 000	418 000
Outdoor	14 000	3 000
Total	**$85.064.000**	**$70.405.000**

Classifications: games (LNA G-450) home electronics (LNA H-320)

Marketing brand management:
Vp-mktg srvcs, Joe Morrison
Dir adv, Jim King
Agencies: Ogilvy & Mather, L.A.
Sr vp-media dir, Ron Reilly
Vp-assoc media dir, Tom Coughlin
Asst media dirs: Coby Low, Tim Tousant

29. TEXAS INSTRUMENTS

Texas Instruments

	media dollars	
	1982	1983
Magazines	$ 2.197.000	$11.695.000
Supps	—	—
Newspapers	3.260.000	16.857.000
Network tv	—	17.808.000
Spot tv	13.283.000	18.080.000
Network radio	—	—
Spot radio	—	3.424.000
Outdoor	5.000	—
Total	**$18.745.000**	**$67.864.000**

Classifications: computers, office machines (LNA B-310); games (LNA G-450)

Marketing brand management:
Vp-corp mktg, Peter A. Field
Agency: McCann-Erickson, Houston
Sr vp-dir client srvc, Cormac Ryan
Vp-acct dirs: Buford Barr (industrial), Larry Houllion (DSG), Alex Resly (consumer)
Vp-media dept, Jim Shelby
Asst media plnrs: Jan Manicom, Pat Dorner (consumer products), Carol Erdmann (DGS)

30. PLAYERS cigarettes

Philip Morris

	media dollars	
	1982	1983
Magazines	—	$27.547.000
Supps	—	2,563.000
Newspapers	—	23.945.000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	11.393.000
Total	**(Intro: 1983)**	**$65,448,000**

Classification: tobacco (LNA G-110)

Marketing brand management:
Vp-brand promotion, Robert Fitzmaurice
Vp-media, Jamel L. Thompson, Jr.
Agency: Wells, Rich, Green, N.Y.
Sr vp-dist grp head, Jayne Eastman
Vp-media grp head, William Ferguson

Trend comments on page 54.

31. BRIGHT cigarettes
R. J. Reynolds

	media dollars 1982	media dollars 1983
Magazines	$ 3.077.000	$23.976.000
Supps	2.680.000	5.319.000
Newspapers	10.194.000	21.980.000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	4.192.000	12.001.000
Total	$20,143,000	$63,276,000

Classification: tobacco (LNA G-110)

Marketing/brand management:
Vp-brand marketing, Marty Orlowsky
Grp dir, John Shostak
Brand mgr, Tim Harris
Dir media, Dan Pearson

Agency: Leber, Katz Partners, N.Y. (Creative)
Exec vp-dir client services, Jerome L. Davidow
Vp-acct grp supr, Janice Lee
Acct exec, Robin Palazzo

32. OLDSMOBILE cars
General Motors

	media dollars 1982	media dollars 1983
Magazines	$10 740.000	$ 9.124.000
Supps	—	—
Newspapers	10.427.000	12.168.000
Network tv	9.632.000	12.084.000
Spot tv	20.470.000	24.522.000
Network radio	—	184.000
Spot radio	3.999.000	3.282.000
Outdoor	514.000	504.000
Total	$55,782,000	$61,868,000

Classification: cars (LNA T-110)

Marketing brand management:
Gen mgr, J. J. Sanchez
Gen sales mgr, J. F. Mattox
Dir mktg, L. C. Myers
Adv mgr, Palmer E. Bunker
Asst advtg mgr, Ray Juracek

Agency: Leo Burnett, Southfield, MI
Exec vp-gen mgr, John C. Ryan
Vp-acct supr, Roger K. Bailey
Acct dir, Thomas J. Boyle
Vp-media dir, Joe Henry

33. EASTERN
Eastern Air Lines

	media dollars 1982	media dollars 1983
Magazines	$ 4.263.000	$ 5.838.000
Supps	55.000	63.000
Newspapers	21.218.000	22.304.000
Network tv	5.203.000	9.398.000
Spot tv	7.758.000	12.237.000
Network radio	—	—
Spot radio	10.238.000	9.218.000
Outdoor	2.499.000	2.469.000
Total	$51,234,000	$61,527,000

Classification: passenger travel (LNA T-410)

Marketing brand management:
Sr vp-mktg, Russell L. Ray
Vp-adv, William H. Dowse
Mgr adv srvc, Robert A. Wolf

Agency: Campbell-Ewald, Detroit
Pres, P. A. Dow
Sr vp-mgmt supr, J. V. Karle
Sr vp-assoc mgmt suprs: R. F. Henry, Gunther Saupe (Latin America)
Vp-acct supr, J. T. Seregny
Exec vp-media dir, Thomas J. Glynn
Sr vp-assoc media dir, J. W. Nuccio

Test market for food? Springfield is No. 1 in sales per household among "The Big 7" New England metros!

Right! The Springfield Newspapers reach 84% of the metro market!

Survey of Buying Power
DATA SERVICE
1983

The Survey of Buying Power, 1983.

Morning Unio
Budget clears first

Morning Union. Daily News. Sunday Republican.

The Springfield Newspapers have the best unduplicated reach of any New England daily with over 50,000 circulation!

- No. 1 in A.D.I. coverage in New England.
- No significant infiltration by out-of-town newspapers.
- Distribution center for drug products, soft drinks, liquors.
- Buying headquarters for 76% of food sales.

Call Joseph V. Asciotl (413) 788-1027

The Springfield Newspapers

Largest in Massachusetts Outside Boston

34. COMMODORE computers
Commodore International

	media dollars 1982	media dollars 1983
Magazines	$ 1.407.000	$ 2.794.000
Supps	—	—
Newspapers	80.000	2.383.000
Network tv	8.306.000	53.201.000
Spot tv	5.815.000	1.613.000
Network radio	—	—
Spot radio	2.000	1.230.000
Outdoor	—	—
Total	**$15,610,000**	**$61,221,000**

Classification: office machines (LNA B-310)
Marketing/brand management:
Vp-sales mktg, James Dionne
Mktg mgr, Julie Bauer
Agency: Direct

35. BUICK cars
General Motors

	media dollars 1982	media dollars 1983
Magazines	$ 8.217.000	$10.658.000
Supps	106.000	153.000
Newspapers	7.242.000	10.036.000
Network tv	13.763.000	17.797.000
Spot tv	15.100.000	19.394.000
Network radio	2.893.000	1.723.000
Spot radio	249.000	161.000
Outdoor	933.000	837.000
Total	**$48,503,000**	**$60,759,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Vp-gen mgr, D. E. Hackworth
Gen sales mgr, J. C. Perkins
Asst gen sales mgr, J. J. Faerber
Dir adv, Harold E. Savage
Agency: McCann-Erickson, Detroit
Exec vp, Gerald C. Atkin
Sr vp-mgmt supr, Jan Starr
Vp-acct suprs: Richard Hill, Mike Wilberding
Vp-media dir, W. Brien Schweikart

Four-year trend totals start on page 56.

36. DELTA
Delta Air Lines

	media dollars 1982	media dollars 1983
Magazines	$ 798.000	$ 1.077.000
Supps	—	24.000
Newspapers	24.276.000	31.619.000
Network tv	—	2.603.000
Spot tv	6.979.000	8.227.000
Network radio	—	—
Spot radio	11.746.000	15.309.000
Outdoor	1.854.000	1.768.000
Total	**$45,653,000**	**$60,627,000**

Classification: passenger travel (LNA T-410)
Marketing/brand management:
Sr vp-mktg, J. A. Cooper
Dir of adv, Jim Porter
Agency: BDA/BBDO, Atlanta
Pres-mgmt supr, Glenn Verrill
Vp-acct supr, Jack Walz
Vp-media dir, Martin Hollinger

37. AMERICAN EXPRESS
American Express

	media dollars 1982	media dollars 1983
Magazines	$11.978.000	$15.527.000
Supps	495.000	884.000
Newspapers	8.658.000	7.273.000
Network tv	17.639.000	18.637.000
Spot tv	13.745.000	12.079.000
Network radio	—	3.031.000
Spot radio	1.829.000	2.057.000
Outdoor	18.000	580.000
Total	**$54,362,000**	**$60,068,000**

Classifications: financial (LNA B-150); travel services (LNA T-420)
Marketing brand management:
Grp vp-adv — worldwide, Richard D. Rosenbloom
(Payment Systems Div)
Vp-FSI mktg srvcs, Joan Bonnett
Dir of adv, Glen Gilbert (cards)
(Service Establishment Marketing)
Vp-mktg, Richard Kotz
Agencies: Ogilvy & Mather, N.Y.
Sr vp-grp dir, Shelly Lazarus
Vp-mgmt suprs: Scott Marshall (cards), Patricia Deneroff (cheques)
Sr vp-assoc media dir, Wilma Epstein
Vp-asst media dir, Linda Fidelman
McCann-Erickson, N.Y.
Sr vp-mgmt rep, Ian Hooper
Vp-acct dir, Tom Beach
Sr vp-media dir, Ira Carlin
Vp assoc media dir, Vince Tortorelli

38. VOLKSWAGEN cars
Volkswagenwerk A. G.

	media dollars 1982	media dollars 1983
Magazines	$13.993.000	$21.958.000
Supps	—	—
Newspapers	11.657.000	5.702.000
Network tv	22.355.000	20.769.000
Spot tv	14.653.000	10.830.000
Network radio	—	—
Spot radio	1.867.000	—
Outdoor	74.000	—
Total	**$64,599,000**	**$59,259,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Exec vp-sales & mktg, Peter Weiher
Vp-VW Div, James R. Fuller
Mgr mkt rep, Richard Weidman
Mgr, VW mktg srvcs, Richard Marcy
Mgr, VW adv, Mike Howe
VW adv mgr, Mike Kaptuch
Agency: DDB, Detroit
Pres, Robert Rees
Sr vp-mgmt supr, Willy Hopkins
Vp-acct supr, Sal Triano
Sr acct exec, Peter Toundas
Acct supr, strtgy plng, Ron Zarowitz
Vp-acct supr, reg oper, Ron Rogginger
Vp-dir media & prog, Al Petcavage

39. MICHELOB beer
Anheuser-Busch

	media dollars 1982	media dollars 1983
Magazines	$ 4.910.000	$24.544.000
Supps	—	2.041.000
Newspapers	727.000	980.000
Network tv	34.691.000	19.760.000
Spot tv	6.156.000	2.209.000
Network radio	1.727.000	503.000
Spot radio	5.230.000	7.746.000
Outdoor	156.000	30.000
Total	**$53,597,000**	**$57,813,000**

Classification: beer (LNA F-310)
Marketing brand management:
Exec vp-mktg, Michael J. Roarty
Vp-brand mgmt, Jack MacDonough
Vp-corp media, Charles B. Fruit
Dir media srvcs, Tony Ponturo
Grp mktg mgr, David C. Drew
Sr prod mgrs: Bill McNulty (Michelob), Jim Sebo (Michelob Light)
Asst prod mgr, Bill Braun (Michelob)
Brand prom mgr, Anne Suppiger (Michelob Light)
Agency: D'Arcy MacManus Masius, St. Louis
Sr vp-grp mgmt supr Michelob,

Michelob Light, Jack Bruemmer
Vp-acct suprs: Rick Spatz (Michelob), Sumner Charles (Light)
Acct execs: Bill Daily, Betty Kerchoff (Michelob); David Krishock (Light)
Sr vp-dir media srvcs, Frank Kopec
Sr vp-grp media dir, Steve Phelps
Vp assoc media dirs: Glenn DeWees (Michelob), Mike Nyikes (Light)
Media suprs: Rachelle Wiener (Michelob), Ralph Heim (Light)

40. GE
General Electric

	media dollars 1982	1983
Magazines	$ 8.592 000	$10.565.000
Supps	400.000	822.000
Newspapers	4.544.000	10.479.000
Network tv	24.583.000	31.597.000
Spot tv	1.897.000	4.026.000
Network radio	177.000	—
Spot radio	399.000	171.000
Outdoor	83.000	31.000
Total	$40,675,000	$57,691,000

Classifications: major appliances (LNA H-210); other appliances (LNA H-220); radios, tv sets (LNA H-310)
Marketing/brand management:
Vp, Leonard Vickers
Mgr corp adv, Karl L. Koss
Proj mgr, H. M. Snider
Consumer products & services
Mgr mktg comm prog, Richard A. Costello
(Major appliances)
Mgr natl adv mktg pub rel, Victor H. Alcott
Mgr prod adv, Ronald N. Graham
(Video & audio products)
Mgr adv & sales prom, Norman R. Huey (audio)
Mgr mktg comm, Judy M. Ziegler (video)
(GE Credit Corp.)
Vp-mktg progs oper, Barton D. Ladd
(Lighting Business Group)
Mgr mdsg & pack (con prods), William D. Rayer
Mgr adv & mktg (comm & ind mktg), William Rogers
Agency: BBDO, New York
(Consumer divs Corporate)
Exec vp, Frank C. Perkins
Mgmt suprs, Thomas Derderian, Gerry Schwieger, Lonny Strum (video), Bill Kelly (housewares), Arnold Ross (major appliances)
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir media plng srvcs, Mike Drake
Sr vp-ntwk tv & prog, Bill Croasdale
Vp-dir of media buying, Bruno Crea
Vp-assoc media dirs: John Belfiore, Mark Buttitta
Media supr, Steve [illegible]
Vp-ntwk supr, John Mattimore
Media plnrs: Frances Croke, Ed Hughes, James Cammarata

41. XEROX office equipment
Xerox Corp.

	media dollars 1982	1983
Magazines	$16.928.000	$15.104.000
Supps	19.000	11.000
Newspapers	5.779.000	13.824.000
Network tv	15.804.000	22.732.000
Spot tv	558.000	2.491.000
Network radio	1.658.000	875.000
Spot radio	975.000	2.614.000
Outdoor	13.000	4.000
Total	$41,734,000	$57,655,000

Classifications: office machines & equipment (LNA B-312); computers (LNA B-311)
Marketing brand management:
Dir corp adv & prom, Michael E. G. Kirby
Mgr corp adv & prom, Joseph M. Cooper, Jr.
Mgr, adv opers, Bernard H. Lee
Agencies: NH&S, New York
Exec vp-dir of acct srvcs, Joe Landy
Sr vp-grp acct dir, Donald Bigda
Sr vp-media dir, Page Thompson
Vp-assoc media dirs: Bernie Newman (copiers), Jay Quinn (office products), Paul Manganrello (corporate)
AyerDirect, N.Y.
(Learning Systems Div)
Vp-mgmt supr, Joe Maddox
Vp-acct supr, Mike Concannon
Media supr, Gina Buttolocco

For alphabetical index, turn to page 52.

Trend comments on page 54.

42. TYLENOL products
Johnson & Johnson

	media dollars 1982	1983
Magazines	$ 3,977,000	$ 3,625,000
Supps	53,000	—
Newspapers	452,000	32,000
Network tv	36,752,000	49,147,000
Spot tv	2,753,000	4,043,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	$43,987,000	$56,847,000

Classification: medicines (LNA D-210)
Marketing/brand management:
Dir prod mgmt, Chandler D. Simonds
Dir mktg, Joseph J. Beshel
Agency: Compton, N.Y.
Mgmt dir, Tom Lom
Mgmt supr, John Sloan
Acct supr, Linda Joselow
Acct exec, Ken Paster
Asst acct exec, Audra Raskys
Assoc media dir, Pat O'Donnell
Media supr, Sandy Pisik
Media plnr, Amy Steinman

43. GENERAL MOTORS corporate/parts
General Motors

	media dollars 1982	1983
Magazines	$17.525.000	$13.063.000
Supps	1.458.000	134.000
Newspapers	16.769.000	11.201.000
Network tv	17.777.000	27.465.000
Spot tv	3.646.000	2.083.000
Network radio	1.186.000	1.971.000
Spot radio	3.098.000	242.000
Outdoor	6.000	44.000
Total	$61,465,000	$56,203,000

Classification: general promotion, parts (LNA T-111, 154)
Marketing brand management:
(Corporate advertising)
Vp-sales & mktg, R. D. Lund
Exec dir mktg, J. N. Stewart
Adv mgr, D. J. Teasdale
Asst adv mgr, J. W. Finney
Asst adv mgr, D. K. Murley
Asst adv mgr, D. J. Bolen
(Public affairs advertising)
Vp-pub rel, J. W. McNulty
Adv mgr, G. H. Pruette
Adv coor, Robin M. Pannecook
Agencies: D'Arcy MacManus Masius, Bloomfield Hills, MI

Vp-mgmt supr, Theodore Teegarden
Vp-grp supr, Charles Brandt (parts)
Vp-acct suprs: Bruce Hutchinson, Arthur Harrington (parts); William A. Mara, Jr, Leo A. [illegible] (protection)
Sr vp-media dir, George Rogers
Vp-assoc media dirs: Ed Coosai (corporate), David Irvine (protection), William Brenneman (parts)
N W Ayer, Detroit
(Public affairs)
Sr vp-gen mgr, Robert Kingsbury
Sr vp mgmt supr, Richard Prince
Vp-media dir, Randall Schroeder
Media supr, Rick Doyle
UniWorld Group, N.Y.
(Minority markets)
Acct supr, Bernard Baskett
Media supr, Edna Edwards

For alphabetical index, turn to page 52.

SEE SPOT RUN.

Evanston
Chicago
Elgin
Aurora
Hammond
Chicago
Gary
South Bend
South Bend
Elkhart

New ADI Wall Map shows market coverage of your TV buys. 44" x 30"

Match up TV/radio saturation with distribution marketing areas. Includes towns of 25M and up. A must for test markets, new products presentations. Laminated surface can be marked, wiped clean. Use coupon or call (212) 784 0055

American Map Corp. MMD 7-84

[illegible]

PO #__________

44. UNITED
UAL

	media dollars 1982	1983
Magazines	$ 1,187,000	$ 2,167,000
Supps	—	53,000
Newspapers	6,077,000	5,419,000
Network tv	13,793,000	8,175,000
Spot tv	25,747,000	23,380,000
Network radio	—	—
Spot radio	13,603,000	14,636,000
Outdoor	48,000	187,000
Total	$60,455,000	$54,017,000

Classifications: passenger travel (LNA T-410); freight (LNA B-610)
Marketing/brand management:
Sr vp-mktg, John Zeeman
Vp-adv & prom, John Ruhaak
Dir adv, Bill Alenson
Mgrs: Bill Groundwater (East), Al Sortwell (Central), L. A. Small (West)
Agency: Leo Burnett, Chicago
Acct dir, Jim Thompson
Vp-acct supr, John Goad
Acct suprs: Jim Dotter, Ashton Lee
Sr vp-media srvcs div, Willard Hadlock
Media dir, Sally Hunter

45. CANON products
Canon U.S.A.

	media dollars 1982	1983
Magazines	$11,683,000	$16,310,000
Supps	—	—
Newspapers	705,000	153,000
Network tv	21,618,000	26,295,000
Spot tv	6,104,000	7,440,000
Network radio	2,104,000	1,507,000
Spot radio	2,000	344,000
Outdoor	335,000	410,000
Total	$42,551,000	$52,469,000

Classifications: cameras (LNA G-230); business machines (LNA B-310)
Marketing brand management:
Adv mgrs: T. Hirasawa (cameras), H. Hirai (copiers), H. Iwanami (calculators)
Agencies: Grey, New York
(cameras business machines)
Exec vp-acct mgmt, W. Overend
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dirs Jack Jadick (cameras), Russ Booth (business machines)
DYR, New York
(cameras, copiers, calculators)
Vp-mgmt supr, Frank Savarese (cameras)
Mgmt supr, Harron Appleman (copiers)
Vp-acct supr, John Moon (calculators)
Dir media srvcs, Bill Barrett

46. WENDY'S restaurants
Wendy's International

	media dollars 1982	1983
Magazines	—	$ 467,000
Supps	—	—
Newspapers	(no data)	(no data)
Network tv	$13,817,000	18,683,000
Spot tv	17,793,000	31,036,000
Network radio	6,000	—
Spot radio	1,120,000	900,000
Outdoor	676,000	1,119,000
Total	$33,412,000	$52,205,000

Classification: restaurants (LNA G-330)
Marketing/brand management:
Exec vp-mktg, William Welter
Vp-natl mktg, Bruce Ley
Vp-field mktg, Don Calhoon
Vp-corp comm, Denny Lynch
Dir mktg anal new prods, Michael Sapencia
Agency: DFS, New York
Exec vp-mgmt dir, Joseph Mack
Sr vp-mgmt suprs: Robert Reed, Charles Rath
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Vp-assoc media dir, Peter Regan

47. RCA
RCA Corp.

	media dollars 1982	1983
Magazines	$ 4,735,000	$15,571,000
Supps	520,000	950,000
Newspapers	11,650,000	12,714,000
Network tv	12,645,000	15,418,000
Spot tv	2,145,000	5,039,000
Network radio	890,000	1,523,000
Spot radio	143,000	89,000
Outdoor	8,000	70,000
Total	$32,736,000	$51,374,000

Classifications: home electronics (LNA H-310); records tapes (LNA H-330), office machines (B-312)
Marketing brand management:
(Corporate)
Dir of adv & media srvcs, Joel S. Wolk

(Consumer electronics)
Vp-con adv, William S. Beres
Natl adv mgr, Gregory P. Zehner
(Records)
Staff vp-mktg, Raju Pothakarai
Vp-crtv srvcs, Jack Chudnoff
(Solid State)
Dir comm & adv, Lon Cantor
(Video Component & Display)
Vp-mktg, Robert K. Lorch
(Government Systems)
Vp-mktg, F. H. Stelter
(Service Company)
Mgr mktg srvcs, Robert Ziselmen
(RCA Communications, Inc)
Dir pub aff, Anne D. Schmitt
(RCA Global Communications, Inc.)
Vp-mktg, Ken Gross
(RCA American Communications, Inc.)
Dir pub aff, John Williamson
(RCA Cylix Communications Network)
Dir mktg, D. Dwight Drinkard
(Distributor & Special Products)
Mgr adv, Tony Ricketti
Agencies: N H & S
(Corporate)
Mgmt supr, Lee Hines
Acct dir, Jana Moorman
Vp-media dir, Nancy Clott
Leo Burnett, Chicago
(Consumer electronics)
Acct dir, Jackson D. Brown
Sr vp-media srvcs div, Willard Hadlock
Media dir, Jack Hanrahan
Grey, New York
(Records and tapes)
Acct exec, Len Fogge
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, John Jacobs
UniWorld Group, N.Y.
(Minority markets, and special events-creative)
Acct supr, Wayne Shealy
Al Paul Lefton, N.Y./Philadelphia
(RCA service, government systems, office telephone systems)
Media dir, Carol David
Mgr media dept, William Fischellis
Acct exec, Jan Caoferri
Cappiello & Chabrowe, N.Y.
(Solid state div)
Media dir, Nancy Davies
Fearon/O'Leary Kaprielian, N.Y.
(RCA Communications)
Vp-media dir, Dorothy Murphy
Acct exec, Carol Coren
Hammond Farrell, N.Y.
(RCA American Comm.)
Media dir, Marty Schwartzberg

48. KENTUCKY FRIED CHICKEN
Heublein (R. J. Reynolds)

	media dollars 1982	media dollars 1983
Magazines	—	$ 39,000
Supps	—	—
Newspapers	(no data)	(no data)
Network tv	$27,184,000	30,544,000
Spot tv	14,845,000	19,253,000
Network radio	—	—
Spot radio	1,429,000	976,000
Outdoor	601,000	514,000
Total	$44,059,000	$51,326,000

Classification: restaurants (LNA G-330)
Marketing/brand management:
Pres, Donald E. Doyle
Vp-field mktg, Robert E. Lee
Vp-mktg dev, C. Scott Conner
(National Advertising Cooperative)
Exec dir, Phillip E. Risinger
Vp, Michael O. Willson
Agencies: Young & Rubicam, N.Y.
Exec vp-grp dir, John McGarry
Sr vp-grp dir, Edward Lebar
Sr vp-mgmt supr, Linda Patston
Vp-acct suprs: James Siegel, John Swan
Acct execs: Evangeline Ames, Bruce Chesebrough, Jeff Salguero
Vp-grp media supr, Joe Mannix
Media suprs: Greg Billie, Karen White
Mingo-Jones, N.Y.
(ethnic markets)
Sr vp-dir client srvcs, Samuel Chisholm
Vp-acct dir, Roland Chandler
Media mgr, Betty Robinson
Media plnr, Deborah Gray

49. COORS beer
Adolph Coors Co.

	media dollars 1982	media dollars 1983
Magazines	$ 56,000	$ 29,000
Supps	—	—
Newspapers	1,153,000	1,016,000
Network tv	7,069,000	9,746,000
Spot tv	11,367,000	18,658,000
Network radio	—	—
Spot radio	8,081,000	21,209,000
Outdoor	451,000	547,000
Total	$28,179,000	$51,205,000

Classification: beer (LNA F-310)
Marketing brand management:
Sr vp-mktg: Robert A. Rechholtz
Vp-mktg, Rob Klugman
Brand dirs: Gary Naifeh, Bob Fox (Coors Light)

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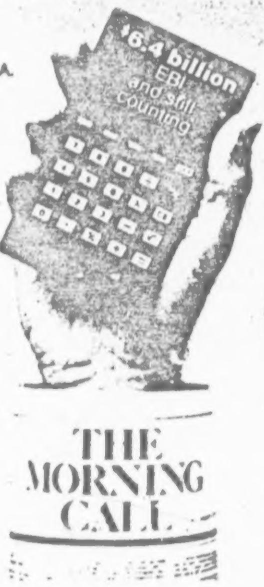
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Brand mgrs: Peter Dang, Gary Skorsted (Coors Light)
Agencies: FCB/Chicago
Sr vp-grp mgmt supr, Bill Melzer
Vp-mgmt suprs: Dale Smith, Jim Gregga, Lisa Baum
Vp-grp media dir, Kent Vlautin
Media suprs: Bill Blaha, Mary Salmich, Steve Nye

Trend comments on page 54.

50. AMERICAN
American Airlines

	media dollars 1982	1983
Magazines	$ 891,000	$ 405,000
Supps	376,000	26,000
Newspapers	18,634,000	12,204,000
Network tv	12,289,000	17,707,000
Spot tv	10,759,000	12,326,000
Network radio	—	—
Spot radio	8,429,000	8,300,000
Outdoor	186,000	135,000
Total	$51,564,000	$51,103,000

Classifications: passenger travel (LNA T-410)
Marketing/brand management:
Vp-pass sales/adv, M. W. Gunn
Sr dir adv, Adrianna W. Smits
Sr dir freight sales & adv, Carney Wenrich
Dir freight sales plans & adv, Peter Mitchell
Vp corp comm, Lowell C. Duncan
Mgrs adv: Judith A. Kirvan, William E. Quackenbush, Bruce Goodyear
Dir sales prom, Frank J. DiNuzzo
Mgr adv admin, Gregg Mavicc
Agency: Bozell & Jacobs, Dallas
Sr vp-dir media srvcs, Hugh O'Brien
Vp-dir media plng, Philip Brushaber
Assoc media dirs: Mary Bresnahan, John Thomsen
Sr vp-grp acct dir, Paul Gold
Vp-mgmt supr, Tom Hooke

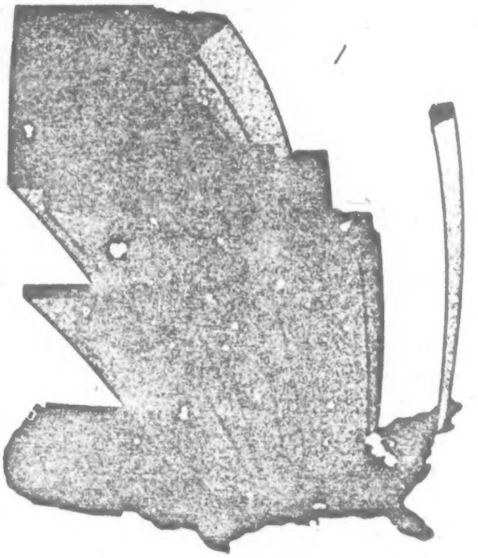
51. MAZDA
Cars and trucks
Mazda Motors (Toyo Kogyo)

	media dollars 1982	1983
Magazines	$12,324,000	$14,551,000
Supps	—	—
Newspapers	512,000	1,971,000
Network tv	26,710,000	27,160,000
Spot tv	12,958,000	6,991,000
Network radio	—	—
Spot radio	46,000	—
Outdoor	133,000	35,000
Total	$52,683,000	$50,708,000

Classifications: passenger cars (LNA T-110), trucks (LNA T-120)
Marketing/brand management:
(MMA Central)
Sr vp-gen mgr, R. E. Hayden
Vp-mktg, Duane Bowen
(MMA-East)
Sr vp-gen mgr, E. Sundstrom
Vp-mktg, Jim Trado
Agency: FC&B/Los Angeles
Sr vp-grp mgmt dir, Welton Mansfield
Assoc media dir, Phil Mussman

52. WINSTON cigarettes
R. J. Reynolds

	media dollars 1982	1983
Magazines	$19,141,000	$19,769,000
Supps	2,839,000	4,169,000
Newspapers	19,571,000	12,109,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	11,617,000	12,915,000
Total	$53,168,000	$48,961,000



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MINNEAPOLIS
Lou Reeve
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Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Vp-mktg dev, Lawrence Hall
Mktg dir, G. (Jerry) M. McKenna
Sr brand manager, Rick Sanders
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Grp plng mgr, Bernie Bauguess
Brand plng mgr, Neal Sandler
Agency: William Esty, N.Y.
(creative only)
Exec vp-grp mgmt supr, L. M. Wassong
Sr vp-mgmt supr, J. E. Neal
Vp-acct supr, James White

53. RENAULT
American Motors

	media dollars 1982	media dollars 1983
Magazines	$ 9,394,000	$ 7,621,000
Supps	—	—
Newspapers	3,075,000	2,643,000
Network tv	12,763,000	29,518,000
Spot tv	8,650,000	9,123,000
Network radio	—	—
Spot radio	—	9,000
Outdoor	144,000	969,000
Total	$34,026,000	$48,883,000

Classification: cars (LNA T-112)
Marketing/brand management:
(corporate adv-New York)
Pres, Pierre Gazarian
Div corp rel, Leon Forth
Pub rel mgr, Meredith Pillon
(product adv-AMC, Southfield, Mich.)
Div adv & mkt plng, David L. Kerr
Adv mgr, Marvin Klein
Mgr media/budgets, Robert G. Wildberter
Agency: Grey, New York
Exec vp-acct mgmt, Louis G. Malool
Exec vp-media & prog, Alec Gerster
Vp-assoc media dir, Jim Ball

54. PIZZA HUT
PepsiCo

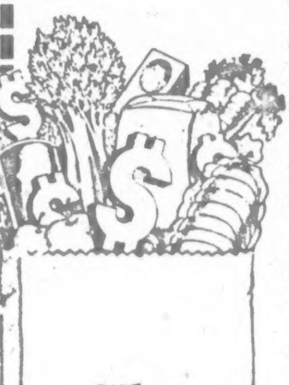
	media dollars 1982	media dollars 1983
Magazines	—	$ 19,000
Supps	—	—
Newspapers	(no data)	(no data)
Network tv	$13,283,000	17,007,000
Spot tv	22,403,000	30,152,000
Network radio	—	—
Spot radio	—	592,000
Outdoor	51,000	98,000
Total	$35,737,000	$47,868,000

Classification: restaurants (LNA G-330)
Marketing/brand management
Sr vp-mktg, Bud Gates
Vp-adv, David Ropes
Dir media srvcs, Wayne Pictroski
Agency: FCB/Chicago*
(corporate/national)
Grp mgmt supr, Jim Cerasani
Mgmt supr, Jim Gregga
Acct suprs: Ricki Karp, Anne Wolfe
Vp-media dir, Fred Wray
Vp-grp media dir, Bruce Smith
Media supr, Steve Later
(Network & spot media bought through local agencies)
*New agency to be announced

55. CLAIROL
hair products
Bristol-Myers

	media dollars 1982	media dollars 1983
Magazines	$13,162,000	$13,690,000
Supps	586,000	10,000
Newspapers	1,282,000	169,000
Network tv	31,534,000	29,598,000
Spot tv	3,348,000	[illegible],991,000
Network radio	1,251,000	75,000
Spot radio	442,000	767,000
Outdoor	65,000	—
Total	$51,670,000	$47,300,000

Classification: hair products (LNA D-140)
Marketing/brand management:
Vp-mktg, G. M. Oakes
Vp-sales, M. DeGennaro
Vp-package design, John Louise
Vp-new products, Richard Davidian
Agencies: FCB, New York
(Creative only)
(Hair care, hair coloring products)
vp-mgmt dir, Dany Khosrovani
Vp-acct dirs: Jane Austin, Gary Gluck
Acct exec, Dan Frankl
(Appliances)
Sr vp-grp mgmt dir, Chip Evans
Vp-mgmt dir, Nancy Peck
Acct dir, Denise Plaza
Acct exec, Vickery Eckhoff
Doyle Dane Bernbach, N.Y.
(Hair care, hair coloring, skin care, new products)
Exec vp, Arie Kopelman
Sr vp-mgmt supr, Milton Harkrader
Acct suprs: Marianne Moore, Marina Hahn
Exec vp-dir media & prog, Michael Drexler
Vp-media plng dir, Conant Sawyer
Media suprs: Pat Engel, Joan Guliotta
Calet, Hirsch & Spector, New York
(Appliances, new products)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Sr vp-mgmt supr, Colin Probert
Acct supr, Leslie Baker
Vp-assoc media dir, Paul Conway
Sr media plnr, Lori O'Rourke
Wyse, New York
(Clairesse, Born Blonde, new products)
Vp-media dir, Nat Gayster
Assoc media dir, John O'Brien
Acct supr, John Shima
Acct exec, Joanne Barbieri
Cociaro Inc.
(house agency)
Dir, Santo Critell
Assoc dirs: Alan Yoblon, Bill Liptack Leo Hofmann (print)
Dir media & prog srvcs, Peggy Kelly
Assoc media dirs. Steve Blum, John H. P. Davis
Media supr, William Grotheer

56. KOOL cigarettes

Brown & Williamson (B.A.T. Industries)

	media dollars 1982	1983
Magazines	$26,813,000	$17,716,000
Supps	8,228,000	6,960,000
Newspapers	19,138,000	11,031,000
Network tv	—	—
Spot tv	804,000	385,000
Network radio	—	—
Spot radio	—	—
Outdoor	19,340,000	10,841,000
Total	$74,323,000	$46,933,000

Classifications: tobacco (LNA G-110); events (LNA G-320)
Marketing/brand management:
Grp prod dir, G. T. Reid
Vp-mktg & plng, Don Johnston
Dir media srvcs, T. P. McAlevey
Asst media mgr, Fran Canary
Agency: Cunningham & Walsh, Chicago
Sr vp-acct dir, Mike S. Mayers
Acct supr, Cynthia Dillon
Sr vp, George Wilcox
Vp-assoc media dir, Mel Stevens
Grp media supr, Mary J. Struble

Four-year trend totals start on page 56.

57. CADILLAC cars

General Motors

	media dollars 1982	1983
Magazines	$ 5,150,000	$ 6,094,000
Supps	446,000	123,000
Newspapers	16,752,000	22,780,000
Network tv	6,592,000	7,583,000
Spot tv	5,792,000	6,949,000
Network radio	—	1,714,000
Spot radio	690,000	353,000
Outdoor	669,000	418,000
Total	$36,091,000	$46,014,000

Classification: cars (LNA T-110)
Marketing/brand management:
Gen mgr, L. B. Pryor
Vp-gen mgr, J. O. Gretlenberger
Mktg dir, Gordon Horsburgh
Dir mdsg, R. B. Welday
Asst dirs mdsg: F. R. Cadicamo, W. J. Dean
Agency: D'Arcy MacManus Masius, Bloomfield Hills, MI
Pres, James T. Doyle
Sr vp-mgmt supr, Alex Morton
Vp-grp supr, Edmund Sale
Vp-acct suprs: John Krausman, Mark Moyer
Vp-dir mktg & res, Charles Stannard
Sr vp-media dir, George Rogers
Vp-assoc media dir, Marty Choinski

58. COLECO

Coleco Industries

	media dollars 1982	1983
Magazines	$ 1,746,000	$ 1,774,000
Supps	—	—
Newspapers	340,000	162,000
Network tv	10,521,000	29,489,000
Spot tv	14,161,000	14,331,000
Network radio	—	—
Spot radio	9,000	6,000
Outdoor	—	—
Total	$26,697,000	$45,762,000

Classifications: games (LNA G-450); home electronics (LNA H-320)
Marketing brand management:
Exec vp-mktg, Al Kahn
Adv mgr, Lauren D'Alessandro
Agency, Richard & Edwards, N.Y.
Pres-acct grp head, Richard Schwarzchild
Sr vp-mgmt supr, John Dunn
Sr vp-media dir, Shelly Hirsch
Media suprs, Joan Legeno, Anita Moffatt

59. POST cereals

General Foods

	media dollars 1982	1983
Magazines	$ 3,558,000	$ 3,308,000
Supps	182,000	—
Newspapers	443,000	296,000
Network tv	42,906,000	31,422,000
Spot tv	11,535,000	10,120,000
Network radio	—	—
Spot radio	11,000	31,000
Outdoor	—	—
Total	$58,635,000	$45,177,000

Classification: cereals (LNA F-122)
Marketing/brand management:
Gen mgr, Tom Herskovits
Mktg mgr, David J. Gustin
Cat mgrs: Martha Crosby Jacobs (adults/family), Carl T. Harrington (children's)
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Grp mgr, plng res, J. L. Spaeth
Mgr, local media, R. C. Gillespie
Asst mgr, local media, L. F. Meyer
Mgrs, plng/buying, Brenda Jansen (network), Gary Gruneberg (print)
Media asst, Bobby Asano
Agencies: Ogilvy & Mather, N.Y.
Sr vp-acct grp dir, Peter Barnett
Mgmt supr, Cynthia Round
Acct suprs: Linda Cornelius, Steve Calabrese
Sr vp-assoc media dir, Tony Nacinovich
Vp-asst media dir, Dave Leveton
Grey, New York
Exec vp-acct mgmt, Hunter Yager
Exec vp-dir media & prog, Alex Gerster
Vp-assoc media dir, John Jacob

60. WRIGLEY gum

Wm. Wrigley, Jr.

	media dollars 1982	1983
Magazines	—	—
Supps	—	—
Newspapers	—	—
Network tv	$37,642,000	$31,093,000
Spot tv	10,868,000	12,508,000
Network radio	—	996,000
Spot radio	37,000	—
Outdoor	—	—
Total	$48,547,000	$44,597,000

Classification: gum (LNA F-210)
Marketing brand management:
Vp-mktg, Ronald O. Cox

Asst vp-adv, Henry Berchert
Mktg mgr, Ruth Carlson
Mktg dirs: Niels Hoegh-Guldberg, Gary Bebee
Agency: NH&S, Chicago
Sr vp-media dir, Michael White
Sr vp-assoc media dir, David Drake
Vp-dir media oper, W. F. Heimann, Jr.
Assoc media dir, Lynne A. Palmore
Media suprs: David Handleman, Douglas E. McCoy
Media plnrs: Edward Bayer, Pat Cote, Fran Wager
Media asst, Julie Fotos
Vp-ntwk dir, Howard Sirinsky
Vp-mgmt rep, Gene Yovetich
Vp-acct supr, Elizabeth Brennan

61. ANACIN analgesic
American Home Products

	media dollars	
	1982	1983
Magazines	$ 1,376,000	$ 3,646,000
Supps	215,000	464,000
Newspapers	223,000	44,000
Network tv	50,051,000	34,667,000
Spot tv	3,192,000	3,719,000
Network radio	612,000	2,053,000
Spot radio	—	—
Outdoor	—	—
Total	**$55,669,000**	**$44,593,000**

Classification: medicines (LNA D-210)
Marketing/brand management:
Adv dir, Richard Feldheim
(Anacin)
Grp mgr, Peter Mayer
Sr prod mgr, John Casey
(Anacin-3)
Grp mgr, Ed Schmitt
Prod mgrs: Lyn Ciocca, Leslie Scoler
(Maximum Strength Anacin)
Grp mgr, Art Lawrence
Prod mgr, Janet Fallon
Agencies: William Esty, N.Y.
(Anacin)
Sr grp vp-mgmt supr, G. Biava
Acct suprs: P. Balint, Will Waldron
Sr vp-media dir, Peter Triolo
Vp-assoc media dir, Joseph Sander
Media suprs: Karen Lehrer, Zack Simon
Young & Rubicam, N.Y.
(Maximum Strength Anacin)
Vp-mgmt supr, Robert Fane
Vp-acct supr, John Leonard
Acct exec, Jane Gittleman
Vp-media grp supr, Leo Scullin
Media supr, Brian Hanley
Kornhauser & Calene, N.Y.
(Anacin 3)
Sr vp-media dir, Gary Faver

62. NABISCO food products
Nabisco

	media dollars	
	1982	1983
Magazines	$ 4,405,000	$ 3,203,000
Supps	2,123,000	1,837,000
Newspapers	4,377,000	4,225,000
Network tv	18,663,000	30,317,000
Spot tv	2,995,000	4,813,000
Network radio	275,000	—
Spot radio	561,000	167,000
Outdoor	—	—
Total	**$33,399,000**	**$44,562,000**

Classifications: bakery goods (LNA F-160); prepared foods (LNA F-120); confectionery (F-210)

Marketing/brand management:
Vp-mktg (Nabisco Brands), W. Lee Abbott
Dir media, Louis J. Rubinacci
(Biscuit division)
Vp-mktg, Neal Westermeyer
Dirs mktg: William R. Stuart (Sweet Goods), Robert H. Lanham (Crackers), William S. Brown (snack crackers)
Adv mgr, Dante G. Bonardi
(Confections)
Dir mktg, Harold E. Boutillier
(Grocery products)
Vp-mktg, George Erfurt
Grp brand mgrs: Ruth L. Brodsky (hot cereals), Bob Donegan (pet snacks), Marianne MacManus (R-T-E cereals)

Agencies: William Esty, N.Y.
Mgmt suprs: Jeff Greene, Tom Hayes (cookies & crackers); John Scott (special products)
Acct suprs: D. Geyer (crackers), T. Pulton (cookies), B. Gallick (special products)
Sr vp-media dir, Peter Triolo
Sr vp-grp media dir, Peter Schwartz
Media suprs: Helen Amiden, Geraldine Fous, Steve Lederman

McCann-Erickson, N.Y.
Sr vp-mgmt rep, Marsha Badanes
Acct supr, Patricia Higgins
Sr vp-media dir, Ira Carlin
Sr vp-media plng dir, Vince Rafti
Assoc plng dirs: George Hayes, Susan Schwarz
Media grp head, Harlan Schwarz

Benton & Bowles, N.Y.
Sr vp-acct dir, Ted Burnett
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Brian Hughes

63. SALEM cigarettes
R. J. Reynolds

	media dollars	
	1982	1983
Magazines	$17,275,000	$21,094,000
Supps	2,764,000	2,084,000
Newspapers	30,652,000	9,731,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	10,887,000	11,387,000
Total	**$61,551,000**	**$44,296,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Mktg dir, J. R. Shostak
Sr brand mgr, Ken Neher
Dir mktg srvcs, Greg Novak
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Grp plng mgr, Tom McCabe
Brand plng mgr, Betty Carpenter
Agency: William Esty, N.Y.
(creative)
Exec vp-grp mgmt supr, L. M. Wassong
Sr vp-mgmt supr, J. E. Neal
Vp-acct supr, Philip Shaner

64. PILLSBURY foods
Pillsbury

	media dollars	
	1982	1983
Magazines	$ 2,893,000	$ 1,431,000
Supps	72,000	—
Newspapers	267,000	411,000
Network tv	31,364,000	32,497,000
Spot tv	6,954,000	9,284,000
Network radio	—	—
Spot radio	—	82,000
Outdoor	—	—
Total	**$41,550,000**	**$43,705,000**

Classifications: bakery goods (LNA F-160); cooking products (LNA F-110); prepared foods (F-120)
Marketing/brand management:
Vp-gen mgrs: Thomas McBurney (refrigerated & frozen products), Kent Larson (dry grocery products), Thomas Reddy (business dev)
Vp-business unit mgrs: Richard Nickel (frozen pizza), L. Thomas Gartner (frozen entrees), Robert Lindsay (refrigerated foods), Daniel Locke (specialty products), James T. Peterson (basic foods), Kenneth Reis (canned vegetables), Gary Klingl (frozen vegetables)
Dir adv srvcs, Ron Kos

Agencies: Leo Burnett, Chicago
Sr vp-client srvc dir, William Boris
Acct dir, James Hilmer
Sr vp-media srvcs div, Willard Hadlock
Media dir, Chuck Quarnstrom
Paragon, Minneapolis
Sr vp-acct supr, Gary Vars
Vp-acct supr, Dave Nickel
Vp-media dir, Steve Anderson
Ketchum, San Francisco
Sr vp-mgmt supr, Ann Fisher
Sr vp-media dir, Seth Dingley
Sr vp-assoc media dir, Cheryl Kroyer
BBDO, New York
Sr vp-mgmt supr, Bob Spofford
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir media plng srvcs, Mike Drake
Vp-dir media buying, Bruno Crea
Media supr, John Osborn

For alphabetical index, turn to page 52.

65. REVLON cosmetics
Revlon

	media dollars 1982	1983
Magazines	$ 9,511,000	$11,827,000
Supps	276,000	1,085,000
Newspapers	471,000	220,000
Network tv	14,957,000	23,625,000
Spot tv	5,352,000	5,643,000
Network radio	368,000	144,000
Spot radio	13,000	658,000
Outdoor	—	—
Total	**$30,948,000**	**$43,202,000**

Classifications: cosmetics (LNA D-110); hair products (LNA D-140)
Marketing/brand management:
Exec vp-adv, Sanford Buchsbaum
Vp-adv srvcs, George Feld
Adv dir, Ken Angel
Media dir, Anthony Cozzolino
Agencies: Grey, New York
(Classic Revlon eye make-up, Natural Wonder, European Collagen Complex, Flex, H.D.R., all international)
Exec vp-acct mgmt, Robert Zimmern
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Jim Bell
50th Floor Workshop, N.Y.
(house agency)
(Classic Revlon lipstick and nail enamel, skin balancing makeup, Pure Radiance, Ultima II, Princess Marcella Boughese, Fine Fragrances)

66. VANTAGE cigarettes
R. J. Reynolds

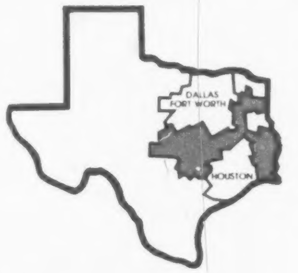
	media dollars 1982	1983
Magazines	$20,591,000	$23,980,000
Supps	714,000	2,550,000
Newspapers	9,978,000	10,953,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	10,804,000	4,936,000
Total	**$42,087,000**	**$42,419,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Mktg dir, Jerry McKenna
Sr brand mgr, John Goss
Dir mktg srvcs, Greg Novak
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Grp plng mgr, Tom McCabe
Brand plng mgr, Carol Gramer
Agency: Leber Katz Partners, N.Y.
(Creative)
Exec vp-dir client srvcs, Jerome L. Davidow
Sr vp-mgmt supr, Robert Hirsch
Acct grp supr, Richard Maddock
Acct supr, Pat O'Brien
Acct exec, Erik Stokkebye
Acct coor, Nancy Hom

67. COLUMBIA motion pictures
Coca-Cola

	media dollars 1982	1983
Magazines	$ 428,000	$ 261,000
Supps	112,000	—
Newspapers	156,000	24,000
Network tv	25,638,000	37,964,000
Spot tv	5,923,000	2,206,000
Network radio	28,000	—
Spot radio	1,608,000	1,485,000
Outdoor	148,000	150,000
Total	**$34,041,000**	**$42,090,000**

Classification: movies (LNA G-310)
Marketing/brand management
Pres-mktg/res, Ashley Boone



there's more to texas than dallas/fort worth and houston, MUCH MORE...

2.3 million Texans
$2.7 billion food sales
780,000 homes
$20 billion buying income
$11.6 billion retail sales

The Austin Group
Austin American-Statesman, Austin, Texas
Waco Tribune-Herald, Waco, Texas
Port Arthur News, Port Arthur, Texas
Longview News Journal, Longview, Texas
Lufkin News, Lufkin, Texas
Cox Newspapers

512-445-3745

•1983 S & MM Survey of Buying Power
Represented nationally by CWO & O

Agencies: Ogilvy & Mather, L.A.
(motion pictures)
Vp-mgmt supr, Mary Ellen Stoetzel
Sr vp-media dir, Ron Reilly
Vp-assoc media dir, Tom Coughlin
Dir local bdcst, Ro Campbell
Stursberg & Hewitt, Los Angeles
(Tv programs)
Vp-client srvc, David Stone
Media div, John Cull

68. MORE cigarettes

R. J. Reynolds

	media dollars 1982	1983
Magazines	$13,131,000	$16,885,000
Supps	5,510,000	4,849,000
Newspapers	12,800,000	13,536,000
Network tv	—	—
Spot tv	—	—
Spot radio	—	—
Outdoor	9,381,000	6,124,000
Total	**$40,822,000**	**$41,394,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Mktg dir, Jerry McKenna
Brand mgr, Steve Strawsburg
Dir mktg srvcs, Greg Novak
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Grp plng mgr, Tom McCabe
Brand plng mgr, Carol Gramer
Agency: Leber Katz Partners, N.Y.
(Creative)
Exec vp-mgmt supr, Jerome Davidow
Sr vp-mgmt supr, Robert Hirsch
Acct supr, Janice Lee

Overachiever.

When the Census Bureau planted Orlando in its new top 50 list, it came as no surprise.

Marketers have long stalked Orlando for its exceptional growth and sales activity. Likewise, The Orlando Sentinel for its ability to produce results.

But then Florida's fastest-growing major newspaper has always exceeded expectations. Call us on it. You'll see.

The Orlando Sentinel
Best Newspaper In Florida

Reach our local advertising offices by calling (305) 420-5101.
Represented nationally by CWO&O Member SUNDAY MAG/NE
Source: U.S. Census Bureau estimates
for consolidated and metro areas.

69. MERIT

Philip Morris

	media dollars 1982	1983
Magazines	$28,264,000	$22,618,000
Supps	4,114,000	6,377,000
Newspapers	23,681,000	9,286,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	9,978,000	3,076,000
Total	**$66,037,000**	**$41,357,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Ellen Merlo
Brand mgr, Howard Goldfrach
Vp-media, James L. Thompson, Jr.
Agency: Leo Burnett, Chicago
Sr vp-acct dir, Jim Oates
Vp-acct dir, Peter Volz
Acct supr, Bud McCullen
Sr vp-media srvcs div, Willard Hadlock
Vp-media dir, Bob Houghtlin

70. BENSON & HEDGES

Philip Morris

	media dollars 1982	1983
Magazines	$29,261,000	$23,208,000
Supps	5,076,000	4,207,000
Newspapers	24,219,000	8,127,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	8,260,000	5,590,000
Total	**$66,816,000**	**$41,132,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Bob Roper

Brand mgr, Lawrence E. Wilson
Vp-media, James L. Thompson, Jr.
Agency: Wells, Rich, Greene, N.Y.
Sr vp-acct grp head, Jayne Eastman
Vp-mgmt supr, Vince Minicucci
Sr vp-corp media dir, Bob Geis
Vp-plng srvcs dir, Steve Ziglar
Vp-plng grp head, William Ferguson

71. CAMEL cigarettes
R. J. Reynolds

	media dollars	
	1982	1983
Magazines	$10,518,000	$12,984,000
Supps	—	—
Newspapers	11,290,000	13,801,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	16,026,000	12,847,000
Total	**$37,834,000**	**$39,632,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Grp dir, J. T. Winebrenner
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Grp plng mgr, Bernie Bauguess
Brand plng mgr, Lis Marcotullio
Agency: McCann-Erickson, N.Y.
(Creative)
Exec vp, Charles Hamm
Sr vp-mgmt dirs: David Clapp (U.S.A.), Stewart P. Brown (Intl.)

72. SONY electronics
Sony Corp.

	media dollars	
	1982	1983
Magazines	$ 8,414,000	$ 9,497,000
Supps	167,000	103,000
Newspapers	5,035,000	11,615,000
Network tv	7,137,000	8,088,000
Spot tv	1,565,000	9,776,000
Network radio	375,000	—
Spot radio	595,000	291,000
Outdoor	31,000	13,000
Total	**$23,319,00**	**$39,383,000**

Classification: (home electronics) (LNA H-310, 320)
Marketing/brand management:
Dir adv, Jeffrey Brooks
Adv mgrs: Bonnie Resnick (software), Scott Westover (audio), Kevin Hinson (Betamax), Randy Alpert (tv sets), Steve Schimmel (local), Jim Geitz (car stereo), Barbara Ela (microcomputers)
Agencies: McCann-Erickson, N.Y.
(Trinitron)
Sr vp-acct dir, Steve Hurwitz
Sr vp-media dir, Ira Carlin
Sr vp-media plng dir, Vince Rafti
Marschalk, New York
(Betamax)
Sr vp-mgmt srvcs dir, Roger Stone
Assoc media dir, Art Tatnell
Waring & La Rosa, N.Y.
(audio/video tape)
Exec vp, John McCrosky
Vp-acct supr, John Cassano
Sr vp-media dir, Martin Narva
Vp-assoc media dir, Milt Herlich
Ammirati & Puris, N.Y.
(audio products)
Vp-acct mgmt, Walker Berwick
Sr vp-dir media srvcs, Arthur Molesphini, Jr.

73. TWA
Trans World Corp.

	media dollars	
	1982	1983
Magazines	$ 2,825,000	$ 4,086,000
Supps	218,000	267,000
Newspapers	19,774,000	21,852,000
Network tv	—	99,000
Spot tv	10,086,000	8,336,000
Network radio	185,000	723,000
Spot radio	6,205,000	3,823,000
Outdoor	34,000	153,000
Total	**$39,327,000**	**$39,339,000**

Classification: passenger travel (LNA T-410)
Marketing/brand management:
Vp-pass. mktg, P. T. McHugh
Staff vps-mktg: Jack Burkham (pass.), Scott Johnson (cargo)
Agency: Ogilvy & Mather, N.Y.
Sr vp-mgmt supr, Tim Elliot
Vp-mgmt supr, Phillipe Defecheux
Vp-acct supr, Mark Goldman
Acct suprs: Chuck Hodgkinson, Martin Straw
Sr vp-dir media oper, Kenneth Caffrey
Vp-assoc media dir, Jack Deitchman
Asst media dir, Mark Rice

Trend comments start on page 54.

74. GOODYEAR tires
Goodyear

	media dollars	
	1982	1983
Magazines	$ 1,830,000	$ 4,577,000
Supps	—	—
Newspapers	21,000	—
Network tv	15,291,000	22,633,000
Spot tv	10,267,000	10,857,000
Network radio	609,000	655,000
Spot radio	402,000	262,000
Outdoor	210,000	219,000
Total	**$28,630,000**	**$39,203,000**

Classifications: tires (LNA T-140); automotive products (LNA T-150)
Marketing/brand management:
Vp-advtg, George S. Lenox
Dirs adv: James K. Devoe, Dean Peebles (intl.)
Mgr adv, media srvcs, G. S. Drop
Mgr corp adv, L. B. Elms
Mgr retail advtg, Dave Oby
Mgrs adv: Ron Graham (general products); Jim Manning (auto products, chemicals, roofing, shoe products); Jim Neawedde (auto/racing tires); Norb Drol (truck/farm tires)
Agencies: J. Walter Thompson, N.Y.
(tires, aerospace, general products)
Worldwide mgmt dir, Robert Beauregard
Sr vp-acct dir, Peter Hanley
Acct suprs: Doug Foster (tires), Ed Powell (aerospace/gen. products)
Acct exec, Kate Lynch
Sr vp-media dir, Richard Kostyra
Sr vp-dir media plng, John Gray
Sr vp-dir bdcst, John Sisk
Vp-assoc media dirs: Al Romano, Ron Von Urff
Media supr, Tom Arnold
Media plnr, Brian Skelly
McCann-Erickson, N.Y.
(all international)
Sr vp-worldwide acct dir, Peter Kennaby
Wyse, Cleveland
(retail stores)
Vp-mgmt supr, Bob Haverback
Sr vp-media plng, James Pockmire
Mingo-Jones, New York
(ethnic-creative)
Sr vp-dir client srvcs, Samuel Chisholm
Acct supr, William McGugins
Brouillard Communications (JWT) New York
(corporate)
Vp-acct supr, Cal Crouch
Sr vp-media dir, Frank Massaro
Assoc media dir, Bernadette Strauss
Bdcst srvcs dir, Helen Colton
Media plnr, Carl Jackson

75. WARNER

Warner Communications

	media dollars 1982	media dollars 1983
Magazines	$ 566,000	$ 552,000
Supps	—	1,000
Newspapers	598,000	40,000
Network tv	19,394,000	26,457,000
Spot tv	7,989,000	11,909,000
Network radio	—	113,000
Spot radio	816,000	5,000
Outdoor	28,000	53,000
Total	**$29,391,000**	**$39,130,000**

Classifications: movies (LNA G-310), media (LNA B-400), tapes (LNA H-330)

Marketing/brand management:
Vp-crtv adv, Joel Wayne
Vp-dir of media, Mardi Marans
Exec vp-worldwide adv, Sanford E. Reisenbach
Vp-mkt res, Richard Del Belso

Agency: Grey, New York
(Motion pictures)
Vps: Donald Foley, Robert Hussey
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, John Jacobs

76. MERCEDES-BENZ autos

Mercedes-Benz of N.A.

	media dollars 1982	media dollars 1983
Magazines	$ 5,456,000	$14,231,000
Supps	—	547,000
Newspapers	3,784,000	6,586,000
Network tv	8,544,000	12,677,000
Spot tv	1,464,000	2,679,000
Network radio	—	—
Spot radio	447,000	2,136,000
Outdoor	23,000	55,000
Total	**$19,718,000**	**$38,911,000**

Classifications: passenger cars (LNA T-110)
Marketing/brand management:
Gen mgr-mktg comm dept, Robert C. Owens, Jr.
Adv mgr, J. Kevin Davidson
Agency: McCaffrey & McCall, N.Y.
Sr vp-acct mgmt supr, Bill Vieser
Sr vp-media dir, Harris Lefkon
Sr vp-media mgr, Tom Wilson
Vp-assoc media mgr, Hans Zucker

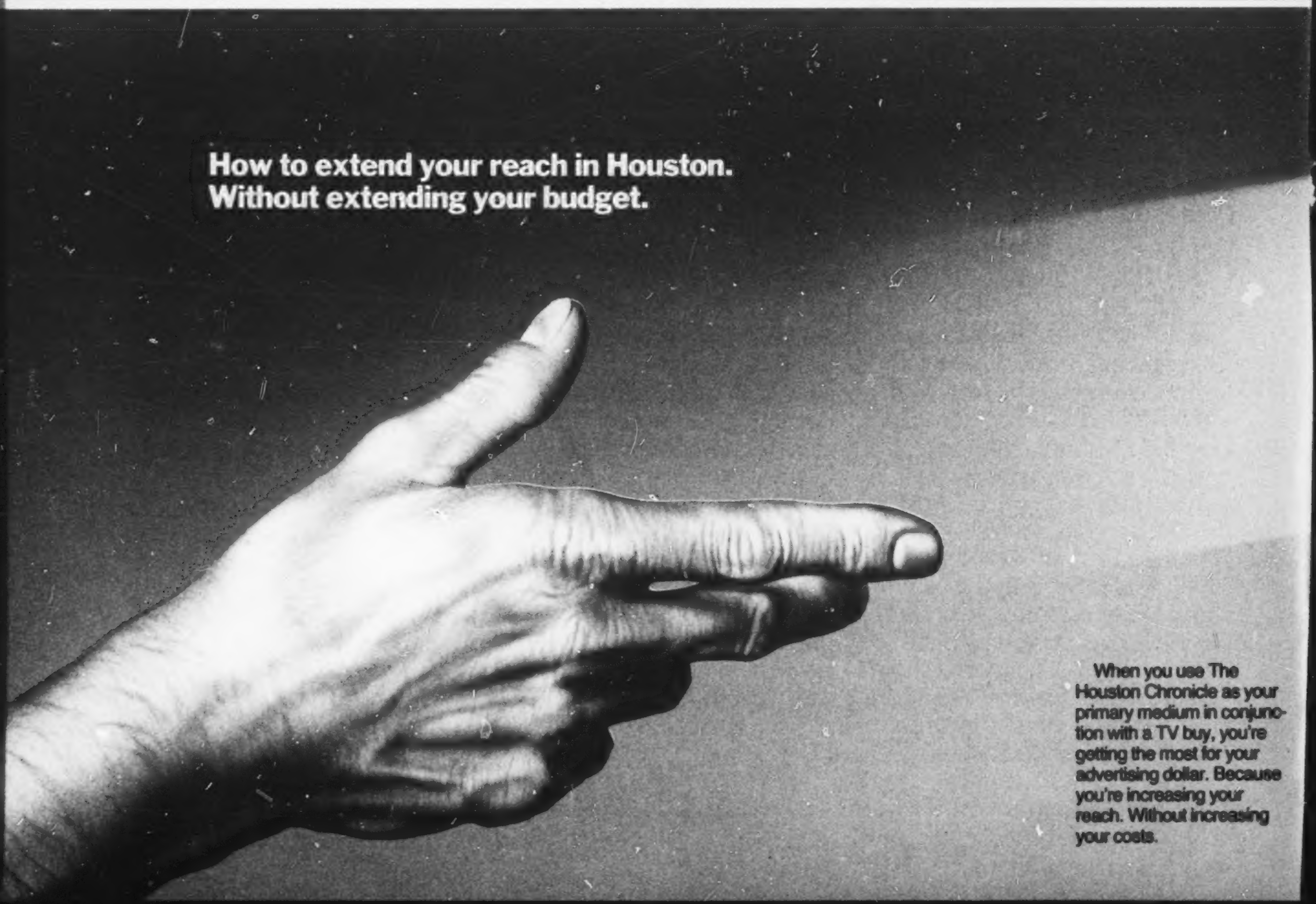
Trend comments start on page 54.

77. COVER GIRL cosmetics

Noxell Corp.

	media dollars 1982	media dollars 1983
Magazines	$ 9,690,000	$ 8,371,000
Supps	—	—
Newspapers	—	—
Network tv	21,975,000	29,685,000
Spot tv	95,000	512,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$31,760,000**	**$38,568,000**

Classification: cosmetics (LNA D-110)
Marketing/brand management:
Sr vp-mktg, Francis J. Harrison
Vp-cosmetics mktg, Peter M. Troup
Grp prod mgr, Marie G. Bowers
Sr prod mgrs: A. Randy Floss, Donald S. Pettit
New prods mgr, Steven J. Colnitis
Prod mgrs, Robert K. McWilliams, Steve Cook, Susan J. Melton, Barry Shields
Agency: SSC&B, New York
Exec vp, F. Stone Roberts
Exec vp-dir mktg srvcs, Lawrence Lamattina
Vp-assoc media dir, Alan Jurmain
Asst media dir, Sharri Hoffman



How to extend your reach in Houston. Without extending your budget.

When you use The Houston Chronicle as your primary medium in conjunction with a TV buy, you're getting the most for your advertising dollar. Because you're increasing your reach. Without increasing your costs.

78. JELL-O desserts
General Foods

	media dollars 1982	media dollars 1983
Magazines	$ 8,811,000	$ 8,227,000
Supps	28,000	8,000
Newspapers	73,000	33,000
Network tv	21,330,000	26,876,000
Spot tv	2,648,000	3,234,000
Network radio	—	—
Spot radio	—	31,000
Outdoor	—	—
Total	**$32,890,000**	**$38,409,000**

Classification: desserts (LNA F-115)

Marketing/brand management:

Vp-gen mgr, Ken Fulton
Asst gen mgr, Ray Viault
Mktg mgr, Established Businesses, Doug Smith
Mktg dev mgr, Frozen Novelties, Rick De Santis

The media group includes:

Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Grp mgr, plng/res, J. L. Spaeth
Mgr, local media, R. C. Gillespie
Asst mgr, local media, L. F. Meyer
Mgrs, plng/buying: Brenda Jansen (network), Gary Gruneberg (print)
Media asst, Bobby Asano

Agency: Young & Rubicam, N.Y.

Exec vp-grp dir, Lawrence Shapiro
Vp-mgmt supr, Duncan Pollack
Acct suprs: Chris Becker, Jerome Johnston
Acct execs: Susan Vary, Cathy McCarthy, Sarah Adams, Peter Haines
Vp-media grp supr, Beth Rockwood
Media suprs: Robert Kulka, Donna Campenella

79. 20TH CENTURY-FOX films
20th Century-Fox Film Corp.

	media dollars 1982	media dollars 1983
Magazines	$ 431,000	$ 685,000
Supps	319,000	411,000
Newspapers	621,000	615,000
Network tv	22,771,000	24,266,000
Spot tv	8,821,000	10,978,000
Network radio	78,000	123,000
Spot radio	765,000	1,035,000
Outdoor	182,000	217,000
Total	**$33,988,000**	**$38,330,000**

Classification: movies (LNA G-310)

Marketing/brand management:

Vp-adv, Rick Ingbei

Agency: JWT, Entertainment Div., Los Angeles/New York

(Los Angeles)
Vp-acct supr, Ken Markman
Acct rep, Cheryl Barnes
Media supr, Janine Bleak
(New York)
Vp-acct supr, Michael Arkin
Media supr, Mary Hunt

80. CREST toothpaste
Procter & Gamble

	media dollars 1982	media dollars 1983
Magazines	$ 2,773,000	$ 4,585,000
Supps	26,000	—
Newspapers	47,000	920,000
Network tv	32,351,000	26,748,000
Spot tv	4,073,000	5,653,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	91,000
Total	**$39,270,000**	**$37,997,000**

Classification: dental supplies (LNA D-121)

Marketing/brand management:

Div mgr, C. A. Lieppe
Adv mgr, M. S. Levy

Houston Chron
Houston's Family Newspaper
Morning and Evening

As an example, your one-week, $25,000 local affiliate spot TV buy reaches 64% of men 25–54 in $35,000+ households. Now take that same $25,000, put half into The Chronicle, half into television.

You've just increased your reach to these affluent men to 77%. You've also increased your frequency by 15%. You've gained 65 GRPs—an increase of almost 40%. And you haven't spent one penny more.

If you'd like a detailed media comparison, call Ralph Harrington, Research Manager, collect at 713/220-7401. And find out how The Chronicle can deliver for you in Houston.

Houston Chronicle
The primary advertising investment.

The Chronicle
TV, Radio, Other

Source: Belden Multi-Media Study, 1983. Based on 26 30-second spots on local network affiliates, BAR estimates, versus three SAU 12 1,000-line Chronicle ads at 25,000-line national contract rate plus 15 30-second spots. Represented by Sawyer Ferguson Walker.

The media group includes:
Dir media, Russ Condit
Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden
Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price
Ntwk coor, D. J. Noble
Media asst, Susan Porter
Agencies: Benton & Bowles, N.Y.
Sr vp-acct dir, Tom Carey
Sr vp-mgmt supr, Ira Schwartz
Acct supr, Ave Dan
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Steve Farella
Asst media dir, Mark McLaughlin
Burrell, Chicago
(Black markets)
Mgmt supr, Sarah Burroughs
Acct supr, Fay Ferguson
Media dir, Nick Howse
Media supr, Zeline Kelly

81. GILLETTE toiletries
Gillette

	media dollars 1982	media dollars 1983
Magazines	$ 411,000	$ 2,496,000
Supps	1,603,000	555,000
Newspapers	3,236,000	1,145,000
Network tv	20,150,000	29,332,000
Spot tv	1,739,000	1,351,000
Network radio	—	1,892,000
Spot radio	—	822,000
Outdoor	—	—
Total	**$27,139,000**	**$37,593,000**

Classifications: men's/ladies' shaving (LNA D-126/127); deodorants (LNA D-124); hair dryers (LNA D-144)
Marketing/brand management:
Vps-mktg: Derek Coward (safety razor), Robert Forman (personal care)
Vp-adv srvcs, Thomas Ryan
Dir media srvcs, Allen Gibbs
Dir ntwk buying, Howard Fisher
Dir spot, print, new technologies, Thomas Lux
BBDO, New York
Vp-mgmt suprs: William Kelly, Michael Paxton
Exec vp-dir media srvcs, Arnie Semsky
Sr vp-dir of media plng srvcs, Mike Drake
Sr vp-dir bdcst srvcs and admin (all network tv) Alfred R. Sanno
Vp-assoc dir, ntwk buying, Ginny Shields
(Safety razor div.)
Vp-assoc media dir, Mike Hedge
Media supr, Harry Tropp
(Personal care div.)
Vp-assoc media dir, Mark Buttitta
Media supr, Nora Gallick
Young & Rubicam, N.Y.
(Right Guard)
Sr vp-grp dir, Ed Lebar
Vp-acct supr, Joe Tilli
Acct suprs: Maureen Howard, Sean Healey
Acct execs: Amy Handlin, Ron Neumonz
Vp-media grp supr, Diane Meskill
Media suprs, Mary Wyman, Susan Mark
McCann-Erickson, New York
(all spot-tv buying)
Marschalk, N.Y.
(Foamy, Daisy, Widget)
Exec vp-mgmt srvc dir, John Dorner (Daisy/Widget)
Sr vp-mgmt srvc dir, Eric Einhorn (Foamy)
Acct suprs: Michael Krugman (Daisy/Widget), Terri Levine
Sr vp-media dir, Stephen, M. Segal
Vp-assoc media dir, Janet Polesel
Media grp head, P. J. Berezney

82. COLGATE products
Colgate-Palmolive

	media dollars 1982	media dollars 1983
Magazines	$ 4,072,000	$ 5,346,000
Supps	504,000	657,000
Newspapers	151,000	650,000
Network tv	22,778,000	21,697,000
Spot tv	3,103,000	5,292,000
Network radio	—	—
Spot radio	1,751,000	3,745,000
Outdoor	—	—
Total	**$32,359,000**	**$37,387,000**

Classification: personal hygiene (LNA D-120)
Marketing/brand management:
Vp-gen mgr, A. C. Shepard
Dir of mktg, R. E. Blanchard
Oral prods mgr, K. A. Thornhill
Grp prod mgr, J. Uzzolina
Media plnrs: George Hull, Steven I. Freilich
Agency: Ted Bates, N.Y.
Exec vp-client srvcs, Roger Pisani
Sr vp-mgmt rep, Geoff Clarkson
Sr vp-exec media dir, Walter Reichel
Vp-media dir, John Potenzano
Assoc media dir, Susan Johnson
Plnr, Grace Schiraldi

83. STROH'S beer
Stroh Brewery

	media dollars 1982	media dollars 1983
Magazines	$ 260,000	$ 255,000
Supps	—	—
Newspapers	113,000	242,000
Network tv	3,578,000	24,962,000
Spot tv	7,649,000	7,014,000
Network radio	—	—
Spot radio	1,842,000	3,472,000
Outdoor	610,000	951,000
Total	**$14,052,000**	**$36,896,000**

Classification: beer (LNA F-310)
Marketing/brand management:
Vp-brand mgmt, Hunter Hastings
Brand dir, Michael C. Jaeger
Agency: Marschalk, New York
Mgmt srvc dir, Frank Mangan
Assoc media dir, Chris Brodie

84. DU PONT products
E.I. du Pont

	media dollars 1982	media dollars 1983
Magazines	$20,270,000	$25,129,000
Supps	3,848,000	2,852,000
Newspapers	139,000	819,000
Network tv	3,725,000	4,704,000
Spot tv	2,616,000	2,214,000
Network radio	852,000	771,000
Spot radio	1,349,000	16,000
Outdoor	17,000	2,000
Total	**$32,816,000**	**$36,507,000**

Classifications: manufactured materials (LNA B-510); paints (LNA H-541); apparel fabrics (LNA A-170); auto accessories (LNA T-150); fibers (LNA H-133, 143); pest control (LNA T-640)
Marketing/brand management:
Dir mktg comm, Charles E. Crowley
Mktg comm mgrs: Richard H. Stewart (paint), Clifford H. Weber (auto products and Corian), Robert T. Eldridge (Teflon), J. B. Brett, Jr. (carpet fibers and fiberfill)
Ad mgr, Frank Oswold, (apparel fibers and home furnishings)
Agencies: N W Ayer, N.Y.
(Teflon, Silverstone, Corian)
Sr vp-exec acct dir, George H. Eversman

Sr vp-mgmt suprs: Mark Bollman, Ross Tompkins
Vp-acct supr, Dick Kennedy
Vp-assoc media dir: Michael Gross
Media supr, Steve Brown
BBDO, New York
(Textile fibers/corporate)
Sr vp-mgmt suprs: Joseph Crowley, Bernard Gross (corporate)
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir media plng srvcs, Mike Drake
Sr vp-assoc media dir, John Belsiore (corporate)
Vp-assoc media dir, Mike Bienstock
Sr vp-dir ntwk tv & prog, William Croasdale
Nwk prog supr, John Mattimore
Media supr, Ursala Giannone
Media plnrs: Bernadette Lorda, Frances Croke (corporate)
Rumrill-Hoyt, Rochester, NY
Mgmt supr, Richard D. Thomson
Grp mgr, Keith Kuehn
Acct supr, Graeme Blasdel
Acct execs: Dave McLaughlin, Paula Johnson
Media plnr, Bill Mackey

85. MCI
MCI Communications

	media dollars 1982	media dollars 1983
Magazines	$ 1,131,000	$ 1,833,000
Supps	—	—
Newspapers	247,000	1,374,000
Network tv	—	1,711,000
Spot tv	21,096,000	29,230,000
Network radio	—	—
Spot radio	—	1,743,000
Outdoor	—	80,000
Total	**$22,474,000**	**$35,971,000**

Classification: communications (LNA B-140)

Marketing/brand management:
Dir mktg, Roger Holstein
Sr vp-sales, Carl Vorder Bruegge
Mktg/adv dir, Anne Weeks
Adv mgr, David Patten

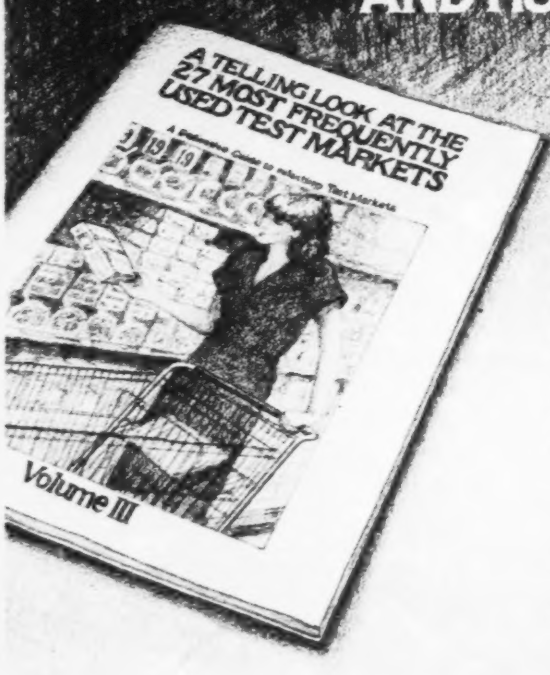
Agency: Ally & Gargano, N.Y.
Sr vp-mgmt supr, Jim Feeney
Vp-mgmt supr, Barry Ofstedal
Sr vp-media dir, Larry Dexheimer
Assoc media dir, Gene Willhoft

86. CAMPBELL's foods
Campbell Soup

	media dollars 1982	media dollars 1983
Magazines	$ 5,094,000	$ 5,212,000
Supps	770,000	468,000
Newspapers	731,000	737,000
Network tv	16,958,000	21,508,000
Spot tv	3,215,000	2,462,000
Network radio	4,416,000	4,444,000
Spot radio	1,578,000	1,126,000
Outdoor	19,000	8,000
Total	**$32,781,000**	**$35,965,000**

Classification: prepared foods (LNA F-120)
Marketing/brand management:
Mgng dir, Paul N. Mulcahy
Agencies: Backer & Spielvogel, N.Y.
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld
Assoc media dir, Ann Meschery
Media supr, Valerie Muller
Sr vp-mgmt rep, Joe Prior
NH&S, New York
Sr vp-acct grp dir, Phil Wallace
Vp-acct supr, Leo Mamorsky
Sr vp-media dir, Page Thompson

WHERE WILL YOU TEST YOUR PRODUCT...
AND HOW MUCH WILL IT COST?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A Definitive Guide to selecting Test Markets
Volume III

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  3) Effective Buying Incomes
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Vp-media mgr, David Brown
Media supr, Donna Black
BBDO, New York
Exec vp-dir media & prog, Arnie Semsky
Vp-assoc media dir, Rick Jones
Plng supr, Michelle Shotts
Sr vp-mgmt rep, Richard Bonnette
CSC Advertising, Camden
(house agency)
Mgng dir, Paul N. Mulcahy
Vp-dir media srvcs, George D. Mahrlig
Mgr media srvcs, Marianne G. Ham

87. BARCLAY

Brown & Williamson
(B.A.T. Industries)

	media dollars 1982	1983
Magazines	$29,025,000	$13,853,000
Supps	8,600,000	5,767,000
Newspapers	13,851,000	11,720,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	14,501,000	3,544,000
Total	**$65,977,000**	**$34,884,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Dir mktg & plng, Don Johnston
Dir media srvcs, T. P. McAlevey
Asst media mgr, Fran Canary
Agencies: Ogilvy & Mather, N.Y.
(creative only)
Sr vp-mgmt supr, Mike Newbrand
Cunningham & Walsh, Chicago
(media)
Sr vp-media, George Wilcox
Vp assoc media dir, Karen Hendrickson
Media grp supr, Sheree Johnson

88. QUAKER foods

Quaker Oats Co.

	media dollars 1982	1983
Magazines	$ 668,000	$ 2,911,000
Supps	61,000	266,000
Newspapers	442,000	348,000
Network tv	11,731,000	21,952,000
Spot tv	10,771,000	9,301,000
Network radio	—	—
Spot radio	17,000	53,000
Outdoor	—	—
Total	**$23,690,000**	**$34,831,000**

Classifications: cereals (LNA F-120), cookies (LNA F-113)
Marketing/brand management:
Pres (foods) H. E. Rhodes
Vps-prod mgmt: Bucky Criss, Phil Marineau
Media dir, Bill Brown
Agencies: BBDO, New York
(cereals)
Vp mgmt supr, Rick Swanson
Exec vp-dir media srvcs, Arnie Semsky
Sr vp-dir media plng srvcs, Mike Drake
Vp-assoc dir ntwk prog, Robert Reisinberg
Assoc media dir, Lee Margulis
Media supr, Don Kennedy
Media plnr, Andrew Picone
Berry-Brown Adv., Dallas
(corn products/new areas)
Acct supr, Robert E. Berry
Acct mgr, Tricia Magel
Media dir, Sharon Speer
Asst media dir, Marci Huber
Adcom, Inc., Chicago
(house agency for cereals, frozen pizza, breads)
Vp-dir of media, Joan G. Stark

89. NESTLE'S products

Nestle Enterprises

	media dollars 1982	1983
Magazines	$ 1,632,000	$ 3,313,000
Supps	485,000	76,000
Newspapers	489,000	221,000
Network tv	14,340,000	17,749,000
Spot tv	9,435,000	11,922,000
Network radio	2,225,000	748,000
Spot radio	146,000	1,000
Outdoor	—	—
Total	**$28,752,000**	**$34,030,000**

Classifications: confectionery (LNA F-210); food beverages (LNA F-170); cooking prods. (LNA F-110)
Marketing/brand management:
Sr vp-mktg, Blair Gensamer
Mktg vps-Frank Arthofer (grocery products), Allen Berger (confections), Jeff Caso (coffee)
Vp-mktg srvcs, Bonnie Piven
Media dir, Steve Kubinski
Media mgr, Robert Bishopp
Asst media mgr, Stephanie Vuto
Agencies: Leo Burnett, Chicago
(Toll House, Flavored Morsels)
Sr vp-client srvc dir, Bill Smith
Sr vp-media srvcs div, Willard Hadlock
Media dir, Dick Hobbs
McCann-Erickson, N.Y.
(Nescafe & Quik)
Sr vp-mgmt rep, John Boyd
Vp-acct dir, Peter Hall

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The Charlotte Observer ■ THE CHARLOTTE NEWS
Represented nationally by Knight-Ridder Newspaper Sales, Inc.

Media dir, Ira Carlin
Assoc plng dir, Susan Schwarz
Media grp head, Julie Pinkwater
Jordan, Case & McGrath, N.Y.
(Hot cocoa mix, Crunch)
Vp-assoc media dirs: Jan Tosca, Sylvia Rodriguez
Supr/plnr, Tina Chan
Supr, Jay Jordan
J. Walter Thompson, N.Y.
(Tea, confections, coffee)
Sr vp-grp prod mgmt dir, Peter Schweitzer
(confections)
Vp-acct dir, Phil Forman
Acct supr, Randall Tallerico
Acct exec, Sabina Tobler
Asst acct exec, Ander Wensberg
(Tea/coffee)
Vp-acct dir, E. Don Challis
Acct suprs: Fran Alexander (tea), Jennifer Close (coffee)
Acct execs: Susan Janneta (tea), Ann Morrow (coffee)
Vp-media dir, Albert Romano
Media supr, Vicky Roschen

90. ABC
American Broadcasting

	media dollars 1982	1983
Magazines	$13,823,000	$22,453,000
Supps	13,000	314,000
Newspapers	10,241,000	10,228,000
Network tv	—	—
Spot tv	—	1,000
Network radio	415,000	409,000
Spot radio	485,000	574,000
Outdoor	12,000	8,000
Total	**$24,989,000**	**$33,987,000**

Classifications: tv stations (LNA B-440); radio stations (LNA B-430)
Marketing/brand management:
(TV network)
Vp-natl adv dir, Paul W. Barrett
Dir adv/prom, Russell Roney
(ABC-owned tv stations)
Pres, Richard A. O'Leary
(radio network)
Vp-sr exec, Bob Benson
(ABC-owned radio stations)
Pres, Charles DeBare
Vp-prod dev/plng, Phil Boyer
Agencies: McCaffrey & McCall, N.Y.
(TV network, Sports)
Sr vp-acct exec, Norman Freedman
Acct execs: Barry Weintraub, Pat Corrigan
Sr vp-media dir, Harris Lefkon
Vp assoc media dir, Hans Zucker
Media supr, Grace Mathias
Grey, New York
(Movies, ABC Theatre)
Exec vp-dir media & prog, Alec Gerster
Vp, Donald Foley
N W Ayer, N.Y.
(ABC News, corporate adv)
Exec vp-exec acct dir, Thomas F. Maxey
Vp-acct supr, Irwin Fischer
Vp-grp media dir, Beth Gordon
Vp-assoc media dir, Richard Alcott
Nadler & Larimer, N.Y.
(Radio network)
Sr vp mgmt supr, Jerry Karp
Acct exec, Peter Tarnapol
Media supr, Emily Eckstein

91. TRUE VALUE hardware stores
Cotter & Co.

	media dollars 1982	1983
Magazines	$ 3,585,000	$ 5,324,000
Supps	—	—
Newspapers	—	—
Network tv	3,291,000	4,202,000
Spot tv	14,102,000	13,946,000
Network radio	7,461,000	9,648,000
Spot radio	—	724,000
Outdoor	3,000	9,000
Total	**$28,442,000**	**$33,853,000**

Classification: Miscellaneous (retail) LNA G-608)
Marketing/brand management:
Sec/treas-mdsg mgr, Ed Lanctot
Agency: Christenson, Barclay & Shaw, Chicago
Pres-acct exec, Jerry Christenson
Media dir, Teresa Miller

92. POLAROID products
Polaroid Corp.

	media dollars 1982	1983
Magazines	$ 4,558,000	$ 4,638,000
Supps	118,000	24,000
Newspapers	1,388,000	1,923,000
Network tv	31,037,000	25,856,000
Spot tv	753,000	999,000
Network radio	—	—
Spot radio	—	386,000
Outdoor	—	—
Total	**$37,854,000**	**$33,826,000**

Metropolitan Area Penetration of Sunday Newspapers — Nationwide Ranking*

DAYTON
Dayton/Springfield News/Sun ~~#87~~ #69

CINCINNATI
Cincinnati Enquirer ~~#215~~ #213

Source: ~~1982-83~~ 83,84 SRDS Newspaper Circulation Analysis (Table 5)

DAYTON IS A MORE PENETRATING BUY.

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THE DAYTON/SPRINGFIELD NEWSPAPERS
Represented nationally by Sawyer-Ferguson-Walker Co., Inc.

Classifications: cameras (LNA G-230); office machines (LNA B-312); building systems (LNA H-525)
Marketing/brand management:
Vp-worldwide adv, Carl Johnson
Grp vp-mktg, Joseph J. McLaughlin
Dir No. Amer. adv, James Andrews
Dir ind & tech adv, Adrian Van Dorpe
Adv mgrs: Kelsy Selander, Grant Schneider, Dola Zarins
Agencies: DDB, New York
Exec vp-media & prog, Michael Drexler
Vp-media plng dir, Steve Caputo
Assoc media dirs: Elizabeth Lubarsky (consumer), Kathy Kersnowski (business/professional)
Media plnrs: Alison Cross, Dick Carle
Exec vp, Rein Luik (consumer)
Grp sr vp, Jim McConnell (business, professional, international)
Sr vp-mgmt supr, Steve Kutler (consumer)
Vp-mgmt suprs: Ned Reece (consumer), Thom McCarthy (business, professional)
Vp-acct suprs: Toni Hagar, Ira Grindlinger
Ogilvy & Mather, N.Y.
(super color video cassettes)
Vp-mgmt supr, Curtis LeSage
Sr vp-assoc media dir, Jack Deitchman
Vp-asst media dir, Mark Rice

93. CRISCO shortening
Procter & Gamble

	media dollars 1982	1983
Magazines	$ 4,623,000	$ 5,970,000
Supps	—	—
Newspapers	71,000	31,000
Network tv	11,935,000	18,680,000
Spot tv	5,163,000	8,738,000
Network radio	—	—
Spot radio	58,000	73,000
Outdoor	—	—
Total	**$21,850,000**	**$33,492,000**

Classification: cooking products (LNA F-110)
Marketing/brand management:
Div mgr, B. L. Bethell
Adv mgr, J. T. Smith
Assoc ad mgr, Mitch Wienick
The media group includes:
Dir media, Russ Condit
Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden
Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price
Ntwk coor, D. J. Noble
Media asst, Susan Porter
Agency: Compton, New York
(Crisco Solid)
Mgmt dir, Peter H. Parsons
Acct mgr, Richard Newman
Asst acct mgr, Roger A. Morrison
Assoc media dir, Ken Sacharin
Assoc media mgr, Paul Kratz
Media plnr, Bob Hoeck
(Crisco Oil)
Mgmt dir, Peter H. Parsons
Acct mgr, Pat Furey
Asst acct mgr, Jeff Harleston
Assoc media dir, Mary Ann Power
Assoc media mgr, Cheryl Leslie
Media plnr, Eva Woodring

94. LYSOL disinfectants
Sterling Drug

	media dollars 1982	1983
Magazines	$ 600,000	$ 13,000
Supps	215,000	—
Newspapers	232,000	96,000
Network tv	19,742,000	28,991,000
Spot tv	2,722,000	4,320,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$23,511,000**	**$33,420,000**

Classifications: disinfectants (LNA H-242); cleaners (LNA H-430)
Marketing/brand management:
Vp-mktg, Leonard Suskin
Agency: SSC&B, New York
Exec vp, R. Wadsworth
Exec vp-dir mktg srvcs, Lawrence Lamattina
Vp-assoc media dir, Janice Clements
Asst media dir, Jim Tyrrell

95. U.S. POSTAL SERVICE
U.S. Government

	media dollars 1982	1983
Magazines	$ 5,122,000	$ 9,641,000
Supps	—	833,000
Newspapers	—	3,078,000
Network tv	3,270,000	12,925,000
Spot tv	7,964,000	5,817,000
Network radio	1,916,000	665,000
Spot radio	168,000	281,000
Outdoor	—	160,000
Total	**$18,440,000**	**$33,400,000**

Classification: U.S. government advertising (LNA B-160)
Marketing/brand management:
Dir con mktg, Pete Davidson
Dir adv, E. J. Gary Stevens
Agency: Young & Rubicam, N.Y.
Sr vp-mgmt supr, Fred Baxter
Acct suprs: Bud Hall, Dick Kebbon
Vp-grp media supr, Nancy Smith
Media supr, Pat Donelly

96. LIPTON
Thomas J. Lipton (Lever)

	media dollars 1982	1983
Magazines	$ 6,400,000	$ 3,470,000
Supps	407,000	284,000
Newspapers	1,133,000	1,065,000
Network tv	15,543,000	17,361,000
Spot tv	7,399,000	10,755,000
Network radio	—	—
Spot radio	—	98,000
Outdoor	65,000	—
Total	**$30,947,000**	**$33,033,000**

Classifications: prepared foods (LNA F-120); food beverages (LNA F-170)
Marketing/brand management:
Dirs of prod mgmt: Arthur Gonis (regular/herbal teas), Allen Carlson (beverage mixes, new projects), David Bell (soups/meals), Daniel Morrison (pasta/side dishes)
Media dir, Bruce Hoenig
Agencies: TJL Media (in-house)
(creative agencies)
SSC&B, New York
(tea, Cup-A-Soup)
Vice chmn, Hal Rover
Young & Rubicam, N.Y.
(soup)
Exec vp-grp dir, John Hatheway
Bozell & Jacobs, Chicago
(Noodles & Sauce, Rice & Sauce)
Sr vp, Jerome Reshkin

97. RED LOBSTER restaurants
General Mills

	media dollars 1982	1983
Magazines	$ 2,000	$ 7,000
Supps	—	—
Newspapers	(no data)	(no data)
Network tv	—	7,674,000
Spot tv	25,866,000	21,087,000
Network radio	—	322,000
Spot radio	2,666,000	3,674,000
Outdoor	92,000	134,000
Total	**$28,626,000**	**$32,898,000**

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The San Diego Union
The Tribune
Member of Newsplan
Represented nationally by Sawyer-Ferguson-Walker

Classification: restaurants (LNA G-330)
Marketing/brand management:
Vp-mktg, Ray Caruso
Adv dir, Barbara Wells
Natl adv mgr, Rick Weber
Natl field mktg mgr, Ted Whitaker
Agency: Backer & Spielvogel, N.Y.
Sr vp-grp mgmt rep, Randy Lindel
Vp-mgmt supr, Robert Levite
Acct suprs: Eliot Russman, Maynard Baker
Acct execs: Bob Svete, Tori Glendenning
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld
Vp-assoc media dir, Charles Rutman
Media supr, Lori Krochak

98. FRANKLIN MINT
Warner Communications

	media dollars 1982	1983
Magazines	$11,797,000	$17,090,000
Supps	4,431,000	6,479,000
Newspapers	8,678,000	8,340,000
Network tv	20,000	12,000
Spot tv	535,000	910,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$25,461,000**	**$32,831,000**

Classifications: mail order (LNA G-560); china (LNA H-111); records (LNA H-330)
Marketing/brand management:
Exec vp-U.S. mktg div, C. Wickard
Vp-U.S. mktg, M. Breisblatt
Mktg dev, Douglas Briggs
Prod dev, Norman Cohen
Agency: Franklin Advertising
(House agency)
Media dir, Howard R. Batton
Dir media plng, Joseph T. Clark

99. JOHNSON'S products
S. C. Johnson

	media dollars 1982	1983
Magazines	$ 2,961,000	$ 6,240,000
Supps	171,000	569,000
Newspapers	—	—
Network tv	11,588,000	24,363,000
Spot tv	1,950,000	1,658,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$16,670,000**	**$32,830,000**

Classifications: cleaners (LNA H-430); laundry preparations (LNA H-420); deodorizers (LNA H-243)
Marketing/brand management:
(U.S. consumer products)
Gen mgr, H. A. Suess (home care), C. J. Goldthwaite (personal care), R. E. Posey (insect control)
Cat mgrs: R. L. Ziegenhagen (hair care), W. C. Thomson (skin care), J. F. Bleharski (insect control), K. H. Smith (floor care), J. O. Scherer (furniture care), L. H. Seabolt (air care), M. L. McKie (laundry/cleaners)
Dir of mktg, A. B. Priemer
Agencies: FCB/Chicago
Sr vp-grp mgmt supr, Daniel Fox
Mgmt acct suprs: Diane Peterson, Michael Tobin
Sr vp-media dir, Fred Wray
Grp media dir, Ralph Katz
Media suprs: Rita Brumlik, Stacey Buel
JWT, Chicago
Sr vp-grp acct dir, Paula Kahn
Vp-acct dir (intl), Matt Kurz
Sr vp-media dir, Robert H. Irvine
Sr vp-dir media resources, Ron Kaatz
Vp-grp acct media dir, Shari Wall
Vp-acct media dir, Alison Thomas

100. COLUMBIA records
CBS

	media dollars 1982	1983
Magazines	$ 7,603,000	$10,238,000
Supps	11,746,000	12,964,000
Newspapers	7,066,000	7,959,000
Network tv	370,000	—
Spot tv	1,468,000	1,402,000
Network radio	—	—
Spot radio	3,000	11,000
Outdoor	18,000	—
Total	**$28,274,000**	**$32,574,000**

Classification: records (LNA H-330)
Marketing/brand management:
Sr vp-gen mgr, Alvin Teller (Columbia), Don Dempsey (Epic/Portrait)
Vps-mktg: Bob Sherwood (Columbia), Ron McCarrell (Epic/Portrait)
Agencies: Wunderman, Ricotta & Kline, N.Y.
(Columbia Record Club)
Sr vp-mgmt supr, Peter Rabar
Vp-acct supr, Alan Beer
Dir mktg & media srvcs, Robert De Sena
Assoc media dir, Amelia Capriulo

Media plnr/buyer, Dani Glaser
CRU Advertising, New York
(house agency)
Vp-adv, Linda Barton
Media dirs, Yvonne Ericson (tv, print), Peggy Mulhall (radio)
Assoc dir print media, Joe Strickoff
Print media buyer, Vera Sutton
Mgr radio, Sue Dempsey

101. BETTY CROCKER
General Mills

	media dollars 1982	1983
Magazines	$ 6,440,000	$ 6,217,000
Supps	—	—
Newspapers	1,083,000	914,000
Network tv	12,067,000	19,064,000
Spot tv	3,514,000	5,147,000
Network radio	975,000	1,211,000
Spot radio	21,000	—
Outdoor	—	—
Total	**$24,100,000**	**$32,553,000**

Classifications: cooking products (LNA F-110); prepared food (LNA F-120); vegetables (LNA F-143)
Marketing/brand management:
Vp-dir of mktg srvcs, Stephen R. Demeritt
Adv srvcs dir, Robert J. Blake
Media srvcs dir, Hal Nitch
Media mgr, Pamela Rothmeier
Agency: NH&S, Chicago
Sr vp-media dir, Michael White
Sr vp-assoc media dir, David Drake
Vp-dir media oper, W. F. Heimann, Jr.
Vp-assoc media dir, Geoffrey McClelland
Media suprs: Christopher Abelt, Judith Fischer, Katherine Kneip
Media plnrs: Vicki Lichtblau, Robert Harris, Scott Morehead
Media assts: Elisabeth Fox, Matthew Langan
Vp-ntwk dir, Howard Sirinsky
Sr vp-mgmt rep, Stuart Sharpe
Vp-acct supr, Ray Gillette

102. SUBARU cars
Subaru of America

	media dollars 1982	1983
Magazines	$ 2,840,000	$ 3,296,000
Supps	—	—
Newspapers	2,125,000	2,689,000
Network tv	8,569,000	11,909,000
Spot tv	13,218,000	14,394,000
Network radio	—	—
Spot radio	334,000	78,000
Outdoor	72,000	142,000
Total	**$27,158,000**	**$32,508,000**

Classification: cars (LNA T-112)
Marketing/brand management:
Vp-corp comm, Alan B. Ross
Dir adv/mdsg srvcs, David W. Wager
Natl adv mgr, Chris Wackman
Mgr, advtg media, Gerry Matthews
Mgr, advtg prod, Karen Allen
Agency: Levine, Huntley, Schmidt & Beaver, New York
Sr vp-mgmt supr, Terry Bonaccolta
Acct supr, Michael Elkisch
Sr vp-media, Jim Dragoumis
Media dir, Vivian Riley

103. MIDAS auto supplies
IC Industries

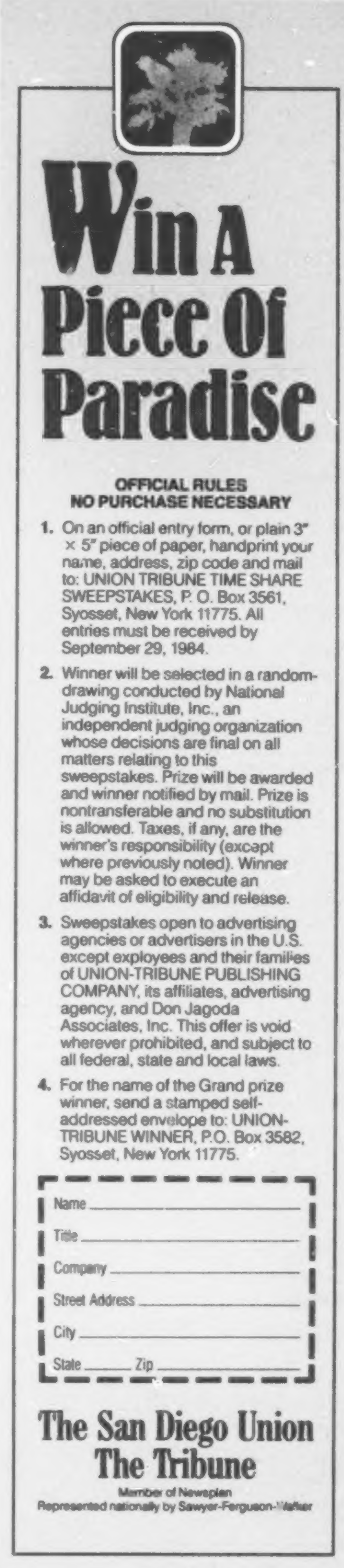
	media dollars 1982	1983
Magazines	$ 528,000	$ 1,117,000
Supps	—	—
Newspapers	(no data)	(no data)
Network tv	9,133,000	12,817,000
Spot tv	8,404,000	11,916,000
Network radio	—	—
Spot radio	5,251,000	6,182,000
Outdoor	23,000	3,000
Total	**$23,339,000**	**$32,035,000**

Classification: auto parts & accessories (LNA T-154)
Marketing/brand management:
Vp mktg, Ralph Linder
Adv/prom dir, Chuck Graziano
Agency: Wells, Rich, Greene, Chicago
Pres, Larry Singer
Vp-mgmt supr, Jim Avery
Vp-media dir, Jill Cassorla
Assoc media dir, David Kelly

104. VIRGINIA SLIMS cigarettes
Philip Morris

	media dollars 1982	1983
Magazines	$19,010,000	$21,029,000
Supps	4,109,000	2,141,000
Newspapers	9,312,000	4,241,000
Network tv	—	—
Spot tv	—	49,000
Network radio	—	—
Spot radio	—	—
Outdoor	8,924,000	4,487,000
Total	**$41,355,000**	**$31,947,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Ellen Merlo
Brand mgr, Herbert Foster
Vp-media, James L. Thompson, Jr.


Win A Piece Of Paradise

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NO PURCHASE NECESSARY

1. On an official entry form, or plain 3" × 5" piece of paper, handprint your name, address, zip code and mail to: UNION TRIBUNE TIME SHARE SWEEPSTAKES, P. O. Box 3561, Syosset, New York 11775. All entries must be received by September 29, 1984.
2. Winner will be selected in a random-drawing conducted by National Judging Institute, Inc., an independent judging organization whose decisions are final on all matters relating to this sweepstakes. Prize will be awarded and winner notified by mail. Prize is nontransferable and no substitution is allowed. Taxes, if any, are the winner's responsibility (excapt where previously noted). Winner may be asked to execute an affidavit of eligibility and release.
3. Sweepstakes open to advertising agencies or advertisers in the U.S. except exployees and their families of UNION-TRIBUNE PUBLISHING COMPANY, its affiliates, advertising agency, and Don Jagoda Associates, Inc. This offer is void wherever prohibited, and subject to all federal, state and local laws.
4. For the name of the Grand prize winner, send a stamped self-addressed envelope to: UNION-TRIBUNE WINNER, P.O. Box 3582, Syosset, New York 11775.

Name ______
Title ______
Company ______
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The Tribune
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Agency: Leo Burnett, Chicago
Sr vp-client srvc dir, Jim Oates
Acct supr, Paul Driggs
Sr vp-media srvcs dir, Willard Hadlock
Vp-media dir, Bob Houghtlin

105. IVORY soaps

Procter & Gamble

	media dollars	
	1982	1983
Magazines	$ 294,000	$ 246,000
Supps	—	—
Newspapers	39,000	—
Network tv	21,680,000	22,293,000
Spot tv	5,195,000	9,293,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$27,208,000**	**$31,832,000**

Classifications: soaps & detergents (LNA H-410); personal hygiene (LNA D-120)
Marketing/brand management:
Div mgr, S. P. Donovan
Vp, R. T. Blanchard
Adv mgrs: R. J. Herbold (packaged soap), L. R. Love (bar soap)
The media group includes:
Dir media, Russ Condit
Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden
Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price
Ntwk coor, D. J. Noble
Media asst, Susan Porter
Agencies: Compton, New York
(Ivory Bar)
Mgmt supr, John Sloan
Acct mgr, Steven Brennen
Assoc media dir, Mary Ann Power
(Ivory Liquid)
Mgmt supr, Jean Mojo
Acct mgr, Garret Vreeland
Asst acct mgr, Joann Berberan
Assoc media dir, Ken Sacharin
Benton & Bowles, N.Y.
(Ivory Snow)
Sr vp-acct dir, Tom Carey
Vp-mgmt supr, Nancy Tschirhart
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Steve Farella

Trend comments start on page 54.

106. MAXWELL HOUSE coffee

General Foods

	media dollars	
	1982	1983
Magazines	$ 2,773,000	$ 4,248,000
Supps	815,000	81,000
Newspapers	1,188,000	681,000
Network tv	31,953,000	18,650,000
Spot tv	8,087,000	6,650,000
Network radio	4,470,000	139,000
Spot radio	2,292,000	899,000
Outdoor	—	64,000
Total	**$51,578,000**	**$31,412,000**

Classification: beverages (LNA F-170)
Marketing/brand management:
Vp-gen mgr, Steve Morris
Cat mgrs: Joel Johnson, Charles Phillips
Prod mgr, Mickey Farley
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Grp mgr, plng/res, J. L. Spaeth
Mgr, local media, R. C. Gillespie
Asst mgr, local media, L. F. Meyer
Mgrs, plng/buying: Brenda Jansen (network), Gary Gruneberg (print)
Media asst, Bobby Asano
Agency: Ogilvy & Mather, N.Y.
Sr vp-grp dir, Peter Barnet
Sr vp-mgmt supr, Dave Warden
Vp-acct supr, Rick Roth
Acct exec, Tim Sager
Sr vp-assoc media dir, Tony Nacinovich
Vp-asst media dir, Barbara Kupersmith

107. UNIVERSAL CITY studios

MCA, Inc.

	media dollars	
	1982	1983
Magazines	$ 1,276,000	$ 2,079,000
Supps	37,000	26,000
Newspapers	349,000	113,000
Network tv	19,467,000	15,945,000
Spot tv	7,882,000	11,625,000
Network radio	56,000	254,000
Spot radio	3,821,000	1,262,000
Outdoor	6,000	33,000
Total	**$32,894,000**	**$31,337,000**

Classification: movies (LNA G-310)
Marketing/brand management:
Pres/mktg, Marvin Antonowsky
Sr vp-adv/pub, Ed Roginski
Vp-media & co-op adv, John Butkovich
Vp-mkt res, Roger Seltzer
Media mgr, Hy Levine
Agency: DDB, Los Angeles
Exec vp-mgmt supr, Simon Kornblitt
Vp-acct supr, Susan Taylor
Acct exec, Ann Marie Whitman
Media supr, Lisa Pompan

108. SATIN cigarettes

Lorillard (Loews)

	media dollars	
	1982	1983
Magazines	$ 235,000	$ 9,596,000
Supps	—	752,000
Newspapers	359,000	8,836,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	509,000	12,107,000
Total	**$1,103,000**	**$31,291,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-adv & brand mgmt, T. H. Mau
Grp brand mgr, Michelle Copra
Brand mgr, Maryanne Kayiatos
Media dir, Bill Sands
Agency: MCA Advertising, N.Y.
Exec vp-mgmt dir, Warren Doechter
Vp-acct dir, Ted Van de Kamp
Sr vp-media dir, Dawn Sibley
Assoc media dir, Pat Gibson
Media supr, Paul Varisco

109. TV GUIDE

Triangle

	media dollars	
	1982	1983
Magazines	$ 40,000	$ 159,000
Supps	7,000	—
Newspapers	1,409,000	4,362,000
Network tv	—	—
Spot tv	18,779,000	21,424,000
Network radio	114,000	2,577,000
Spot radio	553,000	2,728,000
Outdoor	—	—
Total	**$20,902,000**	**$31,250,000**

Classification: magazines (LNA B-420)

Marketing/brand management:
Pub, Eric Larson
Adv dir, Tom McDonough
Adv prom mgr, Arthur Brener
Con prom mgr, Fred Jervis

Agency: N W Ayer, N.Y.
Exec vp, exec acct dir, Thomas G. Maxey
Mgmt supr, George Malcomson
Vp-grp media dir, David Lehmkuhl
Assoc media dir, Mike Gross
Media supr, Steve Brown

110. U.S. ARMY
U.S. Army Recruiting Command

	media dollars 1982	media dollars 1983
Magazines	$ 5,138,000	$ 7,148,000
Supps	—	—
Newspapers	1,323,000	644,000
Network tv	12,311,000	18,189,000
Spot tv	2,000	7,000
Network radio	3,374,000	2,376,000
Spot radio	5,871,000	2,761,000
Outdoor	246,000	274,000
Total	**$28,265,000**	**$31,125,000**

Classification: U.S. Government (LNA B-160)

Marketing/brand management:
Dir adv/sales prom, Col. Donald F. Borden
Media dir, Maj. Dennis Ryan

Agency: N W Ayer, N.Y.
Exec vp-exec acct dir, George Eversman
Sr vp-mgmt supr, Lamar LeMonte
Vp-mgmt suprs: Dick May, Roy Robinson
Vp-grp media dir, David Lehmkuhl
Vp-assoc media dir, Michael Gross
Media suprs: Ellen Tanenbaum, Ria Vigil

111. PARKER BROS. games
General Mills

	media dollars 1982	media dollars 1983
Magazines	$ 797,000	$ 3,485,000
Supps	—	—
Newspapers	80,000	218,000
Network tv	7,341,000	14,319,000
Spot tv	11,729,000	12,224,000
Network radio	436,000	311,000
Spot radio	—	113,000
Outdoor	—	—
Total	**$20,383,000**	**$30,670,000**

Classifications: games (LNA G-450); home electronics (LNA H-320)

Marketing/brand management:
Pres, Richard Stearns
Exec vps-mktg: Brent Andrus, William Bracey
Agency: HBM/Creamer, Boston
Vp-assoc media dir, Rosemary Rohmer
Media buyers: Ronald LeFrancois, Ruthann Perry, Karen Besser, M. P. Kelleher, Steve Kalb, Louise Doherty

112. MAYBELLINE cosmetics
Schering-Plough

	media dollars 1982	media dollars 1983
Magazines	$ 9,892,000	$11,802,000
Supps	—	—
Newspapers	—	—
Network tv	15,570,000	14,932,000
Spot tv	2,531,000	3,218,000
Network radio	—	—
Spot radio	76,000	331,000
Outdoor	—	—
Total	**$28,069,000**	**$30,283,000**

Classification: cosmetics (LNA D-110)
Marketing/brand management:
Sr vp-mktg, Hank Pellegrin
Vp-adv, Bob Schreiber
Vp-mktg (Face/Lip), John Conte
Vp-mktg (Eye-Nail), Chris Berry
Agencies: Lake-Spiro-Shurman, Memphis
(house agency)
Pres, Howard K. McIntyre
Exec vp, Avron Spiro, Jr.
Vp-natl media, Lynn Sanders
Vp-media resources, Gene Camerik
(creative agencies)
Ted Bates, N.Y.
(eye and nail products)
Exec vp-client srvcs, Joan Rothberg
Acct supr, Lynne King
Bloom, Dallas
(Moisture Whip, Daydreams)
Pres, Tony Wainwright
Vp-mgmt supr, Sherri Babcock
Warwick, N.Y.
(various)
Pres, Wilder Baker
Acct supr, Leon Hansen

Four-year trend totals start on page 56.

113. L'OREAL
Cosmair Inc.

	media dollars 1982	media dollars 1983
Magazines	$ 3,063,000	$ 7,015,000
Supps	—	—
Newspapers	—	76,000
Network tv	17,430,000	23,085,000
Spot tv	689,000	67,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$21,182,000**	**$30,243,000**

Classifications: cosmetics (LNA D-110); hair products (LNA D-140)

Marketing/brand management:
Sr vp-gen mgr (L'Oreal retail), Jim Nixon
Vp-cosmetics/hair products, John Wendt
Dir prod dev, Beatrice Dautresme

Agency: McCann-Erickson, N.Y.
Sr vp-mgmt rep, Fred Rhines
Media grp head, Julie Pinkwater

114. KAL KAN pet foods
Mars Inc.

	media dollars 1982	media dollars 1983
Magazines	$ 1,265,000	$ 390,000
Supps	—	370,000
Newspapers	495,000	596,000
Network tv	14,512,000	22,162,000
Spot tv	8,636,000	6,621,000
Network radio	—	—
Spot radio	4,000	9,000
Outdoor	—	—
Total	**$24,912,000**	**$30,148,000**

Classification: pet foods (LNA G-531)

Marketing/brand management:
Vp-brands, Alfred Poe
Mktg dirs: Mike Nelson, Bill Simmons
Mktg prom mgr, A. DiBartolo

Agencies: Ted Bates, N.Y.
Sr vp-mgmt rep, Jerry Brady
Acct suprs: Ron Gudinskas, Carol Good, Seth Romanow
Acct execs: Lesley Helf, Jeff Silver, Tom Banks, Victor Segal
Vp-media dir, Nancy Clott
Assoc media dir, Stephen Marietta
Media plnrs: Martin Walsh, Amy Marsh

D'Arcy MacManus Masius/St. Louis
Sr vp-mgmt supr, Jack Bruemmer
Assoc media dir, Mike Nyikes

115. JOHNSON'S products

Johnson & Johnson

	media dollars	
	1982	1983
Magazines	$ 8,739,000	$ 6,265,000
Supps	91,000	359,000
Newspapers	127,000	1,244,000
Network tv	19,456,000	20,183,000
Spot tv	1,214,000	2,083,000
Network radio	369,000	—
Spot radio	455,000	—
Outdoor	—	—
Total	**$30,451,000**	**$30,134,000**

Classifications: hair products (LNA D-140); skin lotions (LNA D-216, D-111); First aid (LNA D-222); hygiene (LNA D-120)

Marketing/brand management:

Vp & gen mgr (child development products), Paul Boorujy

Vp & gen mgr (consumer products), Thomas Gardner

Dir of mktg, William Egan

Dir of prod mgmt, Carl Johnson

Agencies: SSC&B, New York

(Shampoo, No More Tangles)

Exec vp, Alan Grazio

Exec vp-dir mktg srvcs, Lawrence Lamattina

Vp-assoc media dir, Mae Ling

Young & Rubicam, N.Y.

(Powder, Cornstarch, Sundown, Oil, Lotion, Cream)

Sr vp-grp dir, John Glorieux

Vp-acct supr, Tim Fitzgerald

Acct execs: Mark Greene, Ginny Russo

Media grp supr, Ellen Oppenheim

Media supr, Nalini Ravislankar

McCann-Erickson, New York

(Baby wash cloths, bar & bath)

Sr vp, Michael Sennott

Acct supr, Terry Fitzgerald

Assoc plng dir, Rick Gallagher

116. PLYMOUTH

Chrysler Corp.

	media dollars	
	1982	1983
Magazines	$ 5,736,000	$ 7,217,000
Supps	—	220,000
Newspapers	344,000	644,000
Network tv	9,686,000	12,914,000
Spot tv	7,839,000	8,039,000
Network radio	—	—
Spot radio	3,328,000	—
Outdoor	231,000	529,000
Total	**$27,164,000**	**$29,563,000**

Classification: cars (LNA T-110)

Marketing/brand management:

Vp-mktg, J. A. Campana

Gen mktg mgr, A. C. Liebler

Natl adv mgr, A. C. Kesteloot

Adv mgrs: G. A. Northrop (cars), A. D. Imber (retail)

Agency: Kenyon & Eckhardt, Detroit

Exec vp, Peter S. Dimsey

Sr vp-grp mgmt supr, J. R. Heekin

Sr vp-mgmt supr (dealer assn), J. P. Hickey

Vp-acct supr, D. M. Symons

Sr vp-media dir, P. D. Matz

Sr vp-dir media plng, E. E. Kruger

Vp-assoc media dir, M. Vogel (cars)

Plnr, D. Bean (cars)

Dealer assn plng/buying, Pam Iverson

117. DIGITAL

Digital Equipment

	media dollars	
	1982	1983
Magazines	$3,949,000	$ 5,831,000
Supps	—	47,000
Newspapers	1,238,000	6,381,000
Network tv	—	14,568,000
Spot tv	968,000	1,223,000
Network radio	—	252,000
Spot radio	465,000	398,000
Outdoor	35,000	19,000
Total	**$6,655,000**	**$28,719,000**

Classification: business machines (LNA B-310)

Marketing/brand management:

Dir adv/pub rel, Richard Berube

Corp mktg srvcs mgr, Peter Jancourtz

Corp adv mgr, Henry Heisler

Agencies: Schneider, Parker Jakuc

Acct suprs: Tricia Heath, John Latus, Gerard McDavitt, Carol Montgomery

Media dir, Roni Jordan

Media suprs: Ama Gebelein, Scott Bonn

118. TIME

Time Inc.

	media dollars	
	1982	1983
Magazines	$ 9,673,000	$12,572,000
Supps	95,000	551,000
Newspapers	4,684,000	2,129,000
Network tv	589,000	2,000
Spot tv	2,275,000	12,907,000
Network radio	—	—
Spot radio	17,000	240,000
Outdoor	—	—
Total	**$17,333,000**	**$28,399,000**

Classification: publishing and media (LNA B-400)

Marketing/brand management:

Prom dir, (Time magazine), George Berger

Dir corp circ prom, David Roberts

Sr vp-mktg (books), William Henry

Agencies: Young & Rubicam, N.Y.

(Time magazine)

Vp-acct supr, Jim Tyrrell

Media grp supr, Sue Chamberlain

Media supr, Sandy Welsh

Wunderman, Ricotta & Kline, N.Y.

(Time circulation, Time-Life books)

Vp-mgmt supr, Worthington Linen

Vp-bdcst media dir, S. Sanders

AyerDirect, N.Y.

(Time-Life Books)

Sr vp-mng dir, Robert A. Sawyer

Media suprs: Gina Buttafoca (print), Joanne Costello (bdcst.)

119. DUNCAN HINES mixes

Procter & Gamble

	media dollars	
	1982	1983
Magazines	$ 3,785,000	$ 3,993,000
Supps	—	—
Newspapers	33,000	233,000
Network tv	14,350,000	15,584,000
Spot tv	2,521,000	8,582,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$20,689,000**	**$28,392,000**

Classification: mixes (LNA F-113)

Marketing/brand management:

Div mgr, B. L. Bethell

Adv mgr, J. T. Smith

Assoc adv mgr, Mitch Wienick

The media group includes:

Dir media, Russ Condit

Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden

Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price

Ntwk coor, D. J. Noble

Media asst, Susan Porter

Agency: Compton, N.Y.

Mgmt supr, Tom Hall

Acct mgr, Randi Greenwald

Acct asst, Don Casey

Grp media dir, Bob Pape

Assoc media dir, Mary Ann Power

Media supr, Audrey Siegel

Trend Comments start on page 54.

120. KENT cigarettes
Lorillard (Loews)

	media dollars 1982	media dollars 1983
Magazines	$13,033,000	$13,893,000
Supps	586,000	529,000
Newspapers	9,770,000	8,508,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	7,752,000	4,821,000
Total	**$31,141,000**	**$27,751,000**

Classification: tobacco (LNA G-110)

Marketing/brand management:
Vp-adv & brand mgmt, T. H. Mau
Grp brand dir, M. H. Burke
Brand mgr, E. M. Kiernan
Media dir, Bill Sands

Agency: FC&B, New York
Sr vp-grp mgmt supr, Jack Angus
Vp-mgmt dir, Paul Iffland
Acct dir, Jill Seligson
Acct exec, Susan Walshon
Vp-media dir, Mike Haggerty
Vp-assoc media dir, Jay Kosanke
Media supr, Tim Zagon

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Reitera Reagan que las Armas son Necesarias para Evitar la Guerra
Al Cerrar la Edición

121. CENTURY cigarettes
R.J. Reynolds

	media dollars 1982	media dollars 1983
Magazines	—	$ 4,848,000
Supps	—	3,449,000
Newspapers	—	14,472,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	4,890,000
Total	**(Intro: 1983)**	**$27,659,000**

Classification: tobacco (LNA G-110)

Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Mktg dir, John Shostak
Dir mktg srvcs, Greg Novak
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Grp media dir, Tom McCabe
Brand plng mgr, Betty Carpenter
Media plnr, Judi McKinney

Agency: Tatham Laird & Kudner, Chicago
(Creative)
Sr ptnr, grp dir, Bill Youngclauf
Sr ptnr, acct dir, Bob Hielscher
Acct supr, Jim Hill

122. KLEENEX paper products
Kimberly-Clark

	media dollars 1982	media dollars 1983
Magazines	$ 315,000	$ 667,000
Supps	373,000	115,000
Newspapers	—	—
Network tv	14,492,000	17,706,000
Spot tv	8,970,000	8,873,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$24,150,000**	**$27,361,000**

Classifications: paper products (LNA D-132), underwear (LNA A-120)

Marketing/brand management:
Dir adv srvcs, George Ker
Mktg dir (facial tissues), Paul Geisler
Grp prod mgr (facial tissues), Steve Kalmanson
Mktg dir (Huggies), Dudley Lehman

Agencies: Foote, Cone & Belding, Chicago
(facial tissues)
Grp mgmt supr, Dan Fox
Mgmt supr, David Simpson
Media dir, Fred Wray

Grp media dir, Pat Medintz
Media supr, Dan Binder
Media plnrs: Pat Daniel, Carole Louise
Ogilvy & Mather, New York
(Kleenex Huggies)
Sr vp-grp dir, Cliff Angers
Vp-mgmt supr, David Mechlin
Vp-asst media dir, Barbara Kupersmith

123. NBC radio/tv

RCA Corp.

	media dollars	
	1982	1983
Magazines	$15,331,000	$17,445,000
Supps	—	—
Newspapers	11,383,000	7,816,000
Network tv	—	—
Spot tv	20,000	159,000
Network radio	317,000	1,781,000
Spot radio	50,000	—
Outdoor	3,000	8,000
Total	**$27,104,000**	**$27,209,000**

Classifications: tv stations (LNA B-440); radio stations (LNA B-440)
Marketing/brand management:
(Network tv operations)
Dir of media, Joan Blayner (Burbank)
Vp-adv & prom, Frank N. Pintauro (N.Y.)
(WNBC-TV)
Station mgr, Hilary Hendler
(radio operations)
Mgr adv & prom, Janice Penino (WNBC), Leslie Juceam (WYNY)
Agency: Diener/Hauser/Bates, Los Angeles/New York
Exec vp-media, Norman Trell (N.Y.)
Media dir/plnr, Sylvia Greenspan (L.A.)
Acct supr, Barry Orell (L.A.)

124. APPLE

Apple Computer

	media dollars	
	1982	1983
Magazines	$4,435,000	$ 7,041,000
Supps	—	—
Newspapers	2,235,000	5,123,000
Network tv	2,535,000	11,185,000
Spot tv	188,000	1,489,000
Network radio	232,000	—
Spot radio	9,000	2,230,000
Outdoor	34,000	56,000
Total	**$9,668,000**	**$27,124,000**

Classification: computers and data processing equipment. (LNA B-311)
Marketing/brand management:
Exec vp-mktg, E. Floya Kuamme
Mgr adv/sales prom, Bruce Mowery
Agencies: Chiat/Day, S.F./N.Y.
Sr vp-acct dir, Gregg Helm
Acct dir, Bob Tinzler
Vp-media dir, David Yoder
Vp-assoc media div, Camille Johnson
Assoc media dir, Steve Davison
Vp-ntwk buying, Joan Terella (N.Y.)
BBDO/West, San Francisco
(international)
Vp-media dir, Ron Harrison
Vp-mgmt supr, Peter Gelson

125. CBS

CBS Inc.

	media dollars	
	1982	1983
Magazines	$16,152,000	$16,724,000
Supps	—	200,000
Newspapers	15,577,000	6,695,000
Network tv	—	126,000
Spot tv	851,000	3,001,000
Network radio	485,000	133,000
Spot radio	393,000	113,000
Outdoor	50,000	61,000
Total	**$33,488,000**	**$27,053,000**

Classifications: radio stations (LNA B-430); tv stations (LNA B-440); records/tapes (LNA H-330)
Marketing/brand management:
Sports (TV)
Vp-comm, Robert V. Tassie
News (TV)
Dir adv & on-air prom, Joseph R. Passarella
Television stations
Pres, Neil E. Derrough
Radio networks
Vp-gen mgr, Michael R. Ewing (Radio Network)
VP-gen mgr, Robert Kipperman (RADIO RADIO)
(CBS owned AM stations)
Vp-gen mgr, Eugene Lothery
(CBS owned FM stations)
Vp-gen mgr, Robert Hyland III
(CBS Records)
Vp-adv & design, Linda Barton
Agencies: DDB, New York
Grp sr vp, Larry Iannuzzelli
Vp-acct supr, Anne Oliver
Vp-dir newspaper/outdoor buying, Jack Cohen
Wunderman, Ricotta & Kline, N.Y.
(CBS Records — tv only)
Acct supr, Morris Baumstein
Vp-media director, Robert De Sena
Ogilvy & Mather, N.Y./L.A.
Vp-mgmt suprs: Penny Bernstein (Entertainment & News — N.Y.); Marilyn Fidler (Entment — L.A.)
Sr vp-assoc media dir, Tony Nacinovich
Assoc media dir, Chirstine Allen

126. REPUBLIC

Republic Airlines

	media dollars	
	1982	1983
Magazines	$ 196,000	$ 1,785,000
Supps	—	—
Newspapers	9,572,000	11,660,000
Network tv	2,682,000	2,053,000
Spot tv	3,905,000	5,175,000
Network radio	—	—
Spot radio	3,867,000	5,337,000
Outdoor	1,352,000	1,010,000
Total	**$21,574,000**	**$27,020,000**

Classification: passenger travel (LNA T-410)
Marketing/brand management:
Dir of adv, John W. Temple
Mgr adv, Deborah Cundy
Agency: Dancer Fitzgerald Sample, New York
Exec vp-acct dir, Thomas E. Bohan
Sr vp-mgmt supr, Mike Keeshan
Exec vp-media dir, Allen Banks

127. HEINZ

H. J. Heinz Co.

	media dollars	
	1982	1983
Magazines	$ 253,000	$ 547,000
Supps	—	34,000
Newspapers	1,167,000	939,000
Network tv	20,982,000	20,975,000
Spot tv	3,368,000	4,437,000
Network radio	—	—
Spot radio	23,000	—
Outdoor	—	—
Total	**$25,793,000**	**$26,932,000**

Classifications: condiments (LNA F-116); gravies (LNA F-117)
Marketing/brand management:
Vp-mktg, Bill Johnson
Gen mgrs-mktg: John Crawshaw, Steve Scott
Adv mgr, James Gordon
Agencies: Leo Burnett, Chicago
Acct dir, Tom Ross
Sr vp-media srvcs div, Willard Hadlock
Media dir, Chuck Quarnstrom
Ketchum Communications, Pittsburgh
Vp-mgmt supr, Bill Stein
Vp-assoc media dir, Judy Hofscher

Four-year trend totals start on page 56.

128. SPRITE soft drink
Coca-Cola

	media dollars 1982	media dollars 1983
Magazines	$ 1,470,000	$ 1,604,000
Supps	—	—
Newspapers	96,000	164,000
Network tv	8,229,000	16,388,000
Spot tv	6,066,000	7,791,000
Network radio	—	—
Spot radio	768,000	731,000
Outdoor	181,000	75,000
Total	**$16,810,000**	**$26,753,000**

Classification: soft drinks (LNA F-220)

Marketing/brand management:
Sr vp-mktg, Sergio Zyman
Mktg dir, Patrick Gardner
Brand mgr, Diane Hanak
Corp media dir-worldwide, William H. Lynn
Dir of media, Coca-Cola U.S.A., Charlotte Weissenberger

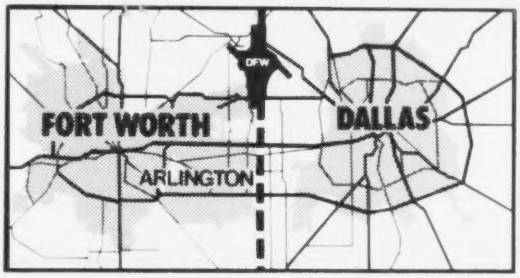
Agency: Marschalk, New York
Sr vp-media dir, Stephen M. Segal
Vp-assoc media dir, Christina Brodie
Media plnrs: Christie Jensen, Pamela Stone
Exec vp, John Dooner
Srvp-mgmt srvcs dir, Donald Richards
Acct exec, Cary Raffle
Asst acct exec, Frank Ball
Acct coor, Meg Lehrer

129. GALLO wines
E&J Gallo

	media dollars 1982	media dollars 1983
Magazines	—	—
Supps	—	—
Newspapers	$ 457,000	$ 113,000
Network tv	22,624,000	24,355,000
Spot tv	2,945,000	1,737,000
Network radio	—	—
Spot radio	—	313,000
Outdoor	18,000	—
Total	**$26,044,000**	**$26,518,000**

Classification: wine (LNA F-320)
Marketing/brand management:
Vp-mktg, Peter Conway
Grp mktg dir, George Glasgow
Vp-dir mktg srvcs, David Mantel
Dir of media, Sue McClelland
Spot buyer, Earnie Cronkite
Agencies: Ogilvy & Mather, San Francisco (corporate/varietals/premiums/brandy)
Vp-mgmt supr, Ira Zuckerman
Media dir, Pat McCall

ONE MAJOR MARKET



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Sources: March 31, 1983, ABC Audit Reports, S&MM 1983 Survey of Buying Power

130. KOOL-AID soft drink
General Foods

	media dollars 1982	media dollars 1983
Magazines	$ 1,296,000	$ 2,332,000
Supps	—	—
Newspapers	21,000	—
Network tv	15,394,000	18,117,000
Spot tv	4,197,000	5,894,000
Network radio	—	—
Spot radio	3,000	—
Outdoor	—	—
Total	**$20,911,000**	**$26,343,000**

Classification: soft drinks (LNA F-220)
Marketing/brand management:
Vp-gen mgr, Bob Sansone
Mktg mgr, Greg Murphy
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Grp mgr, plng/res, J. L. Spaeth
Mgr, local media, R. C. Gillespie
Asst mgr, local media, L. F. Meyer
Mgrs, plng/buying: Brenda Jansen (network), Gary Gruneberg (print)
Media asst, Bobby Asano
Agency: Grey, New York
Exec vp-acct mgmt, Hunter Yager
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, John Jacobs

131. FOLGER'S coffee
Procter & Gamble

	media dollars 1982	media dollars 1983
Magazines	—	—
Supps	—	—
Newspapers	$ 145,000	$ 42,000
Network tv	16,595,000	12,729,000
Spot tv	10,779,000	13,286,000
Network radio	—	—
Spot radio	132,000	224,000
Outdoor	—	—
Total	**$27,651,000**	**$26,281,000**

Classification: coffee (LNA F-171)
Marketing/brand management:
Div mgr, B. J. Hintz
Adv mgr, B. L. Byrnes
The media group includes:
Dir media, Russ Condit
Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden

Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price
Ntwk coor, D. J. Noble
Media asst, Susan Porter
Agency: Cunningham & Walsh, N.Y.
Exec vp-dir, mktg & media srvcs, Frank McDonald
Sr vp-media, Howard Nass
Vp-media, Marcia Chapman
Media suprs: Lynn Marum (instant), Aileen Takaki (vacuum/flaked)
Vp-acct suprs: Joseph Bouch (instant), Dana Tower (vacuum/flaked)
Acct execs: Richard Rapp (instant), David Blashford (vacuum/flaked)
Asst acct execs: Robert Schwartz (instant), Carrie Field (vaccum/flaked)

132. SEVEN-UP soft drink

Philip Morris

	media dollars	
	1982	1983
Magazines	$ 1,073,000	$ 406,000
Supps	7,000	314,000
Newspapers	892,000	1,760,000
Network tv	20,098,000	13,503,000
Spot tv	4,361,000	6,402,000
Network radio	—	—
Spot radio	4,414,000	2,935,000
Outdoor	1,889,000	958,000
Total	**$32,734,000**	**$26,278,000**

Classification: soft drinks (LNA F-220)
Marketing/brand management:
Vp-media srvcs, Ralph Countryman
Dir brand mgrnt, David Hoffner
Agency: N W Ayer, N.Y.
Sr vp-exec acct dir, Dom Rossi
Sr vp-mgmt supr, Joe Harte
Vp-acct suprs: Rich LeFurgy, L. W. Stabile, III
Sr vp-grp media dir, Jane Twyon
Vp-assoc media dir, Allen Brivic
Media supr, Mitch Borden

Four-year trend totals start on page 56.

133. MENNEN toiletries

Mennen Co.

	media dollars	
	1982	1983
Magazines	$ 879,000	$ 1,449,000
Supps	—	—
Newspapers	—	—
Network tv	15,133,000	24,717,000
Spot tv	37,000	103,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$16,049,000**	**$26,269,000**

Classifications: personal hygiene (LNA D-120); medicated skin products (LNA D-216)
Marketing/brand management:
Vp-mktg, Dominic J. La Rosa
Vp-new products, Bill Mathewson
Cat mktg mgrs: Cole Brown (men's fragrances), Bob Griffith (skin care & baby prods), M. Virginia Dotzauer (deo/AP)
Agencies: Grey, New York
(babies/women's products)
Sr vp-acct mgmt, T. H. Lieberman
Vp-mgmt supr, Ben DeYoung
Exec-dir media & prog, Alec Gerster
Vp-assoc media dir, Russ Booth
SSC&B, New York
Vice chmn, Spencer Plavoukos
Sr vp-mgmt supr, Gunnar Wilmot
Exec vp-dir mktg srvcs, Lawrence Lamattina
Vp-assoc media dir, Alan Jurmain

134. L'EGGS

Hanes Corp. (Consolidated Foods)

	media dollars	
	1982	1983
Magazines	$ 1,969,000	$ 2,636,000
Supps	—	52,000
Newspapers	193,000	119,000
Network tv	18,478,000	19,677,000
Spot tv	542,000	1,372,000
Network radio	537,000	1,848,000
Spot radio	1,157,000	485,000
Outdoor	—	—
Total	**$22,876,000**	**$26,189,000**

Classification: hoisery (LNA A-160)
Marketing/brand management:
Vp-mktg, John Piazza
Dir of adv, Paul F. Wold, Jr.
Agency: DFS, New York
Sr vp-mgmt dir, Michael Donahue
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Vp-assoc media dir, Walter Tietz
Burrell, Chicago
(Black markets)
Mgmt supr, Eugene Morriss
Acct supr, Fay Ferguson
Media dir, Nick Howse
Media supr, Zeline Kelly

135. SEAGRAM liquors

Seagram Distillers Co.

	media dollars	
	1982	1983
Magazines	$24,042,000	$18,708,000
Supps	602,000	496,000
Newspapers	3,418,000	1,516,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	6,217,000	5,420,000
Total	**$34,279,000**	**$26,140,000**

Classification: liquor (LNA F-330)
Marketing/brand management:
Exec vp-mktg, Tom McInerney
Vp-dir mktg res, R. W. Beller
Agencies: Warwick, N.Y.
Exec vp-grp mgmt supr, James Driscoll
Sr vp-mgmt supr, Mike Graham
Exec vp-media and admin, John Meskil
Sr vp-media dir, Richard Rock
Vp-grp media suprs: Gordon Bring, Lou Costa, Jerry Seuferling
Media suprs: Peggy Murphy, Diane Metzler
Ogilvy & Mather, N.Y.
(Seagram's VO)
Personnel not assigned

136. NOW cigarettes

R. J. Reynolds

	media dollars	
	1982	1983
Magazines	$12,902,000	$16,891,000
Supps	1,511,000	809,000
Newspapers	17,206,000	8,415,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	16,000	—
Total	**$31,635,000**	**$26,115,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky

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Source: Aaron Cohen Marketing Services, April '83 Subscriber Study Report. Complete copy available upon request.

Total Circulation: 280,313
Source: ABC Statement 12/31/83

KIWANIS magazine's audience of top executive, small business and professional decision-makers are not reached by the other small business publications. Only 3.8% of our readers read Inc. magazine. Only 1.5% of them read Venture. Nation's Business reaches just 9.2% of KIWANIS magazine's readers.

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Grp dir, J. T. Winebrenner
Brand mgr, Jay Tobin
Dir mktg srvcs, Greg Novak
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Grp plng mgr, Bernie Bauguess
Brand plng mgr, Les Marcotullio
Agency: Leber, Katz & Partners, N.Y.
(Creative)
Exec vp-dir client srvcs, Jerome Davidow
Sr vp-mgmt supr, Robert Hirsch
Acct grp supr, Richard Maddock
Acct exec, Neil Ralph

137. DRISTAN cold remedies
American Home Products

	media dollars	
	1982	1983
Magazines	$ 505,000	—
Supps	—	—
Newspapers	—	—
Network tv	21,520,000	$24,263,000
Spot tv	2,512,000	1,822,000
Network radio	—	—
Spot radio	87,000	—
Outdoor	—	—
Total	**$24,624,000**	**$26,085,000**

Classification: medicines (LNA D-210)
Marketing/brand management:
Adv dir, Richard Feldheim
(Tablets/Capsules)
Grp prod mgr, Steve Gootzeit
Sr prod mgr, Ron miller
(Nasal Mist)
Grp prod mgr, Ted Brenan
Prod mgr, Terry Leven
(Ultra Colds Formula)
Grp prod mgr, Dick Howland
Prod mgr, Carol Marsh
Agencies: William Esty, N.Y.
(Tablets/Capsules/Nasal Mist)
Sr vp-mgmt supr, George Biava
Vp-acct supr, Ed Bauccio
Sr vp-media dir, Peter Triolo
Vp-assoc media dir, Joseph Sander
Media suprs: Karen Lehrer, Zack Simon
Kornhauser & Calene, N.Y.
(Ultra Colds Formula)
sr vp-mgmt supr, Jim Harrigan
Vp-acct supr, Tom Dianis
Sr vp-media dir, Gary Faver

Trend comments start on page 54.

138. ALLSTATE insurance
Sears, Roebuck and Co.

	media dollars	
	1982	1983
Magazines	$ 1,783,000	$ 2,943,000
Supps	—	48,000
Newspapers	252,000	201,000
Network tv	13,467,000	16,276,000
Spot tv	3,717,000	6,451,000
Network radio	2,000	—
Spot radio	2,270,000	31,000
Outdoor	—	—
Total	**$21,491,000**	**$25,950,000**

Classification: fire, casualty, life and other insurance (B-220)
Marketing/brand management:
Asst vp-corp mktg support, John W. Flieder
Adv dir, R. E. Gorman, Jr.
Mktg dir, Terre A. Tuzzolino
Agency: Leo Burnett, Chicago
Acct dir, Ron Sims
Sr vp-media srvcs div, Willard Hadlock
Media dir, Don Amos

Four-year trend totals start on page 56.

139. GTE
GTE Corp

	media dollars	
	1982	1983
Magazines	$ 3,847,000	$ 5,922,000
Supps	—	—
Newspapers	1,258,000	4,655,000
Network tv	5,340,000	6,061,000
Spot tv	2,559,000	6,589,000
Network radio	—	—
Spot radio	—	2,458,000
Outdoor	5,000	6,000
Total	**$13,009,000**	**$25,691,000**

Classification: communications (LNA B-140)
Marketing/brand management:
Vp-corp comm, C. Sumpter Logan
Dir of adv, Edward C. MacEwen
Dir of comm, (telephone operations), Roger Brown
Agency: Doyle Dane Bernbach, N.Y.
Grp sr vp-mgmt supr, Larry Iannuzzelli
Sr vp-mgmt supr, Denis Crosley
Vp-mgmt supr, Joseph McParland
Vp-acct suprs: Joe Belle Isle, Nancy Bretl
Vp-media plng dir, George Huelser
Assoc media plng dir, Davis Stewart

140. TIDE detergent
Procter & Gamble

	media dollars	
	1982	1983
Magazines	$ 1,039,000	$ 2,259,000
Supps	—	—
Newspapers	20,000	20,000
Network tv	10,841,000	14,604,000
Spot tv	6,201,000	8,682,000
Network radio	—	—
Spot radio	42,000	31,000
Outdoor	—	—
Total	**$17,207,000**	**$25,596,000**

Classification: detergents (LNA H-410)
Marketing/brand management:
Div mgr, S. P. Donovan
Adv mgr, R. J. Herbold
The media group includes:
Dir media, Russ Condit
Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden
Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price
Ntwk coor, D. J. Noble
Media asst, Susan Porter
Agency: Compton, N.Y.
Mgmt suprs: John Sloan, Tom Hall
Acct suprs: Len Savoie, Mark King
Acct exec, Peter Liguori
Asst acct exec, Kevin Roddy
Grp media dir, Bob Pape
Assoc media dir, Ken Sacharin

141. KENNER toys
General Mills

	media dollars	
	1982	1983
Magazines	$ 219,000	$ 657,000
Supps	—	—
Newspapers	—	554,000
Network tv	16,122,000	15,528,000
Spot tv	7,533,000	8,770,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$23,874,000**	**$25,509,000**

Classification: games (LNA G-450)
Marketing/brand management:
Vp-adv/mktg srvcs and intl, Louis Gioia, Jr.
Vp-mktg, Harry Kangis
Vp-adv-cons proms, John Bohach
Agencies: Grey, New York
Exec vp-acct mgmt, W. Overend
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Robert Giacomino
DFS, New York
Exec vp-mgmt dir, Joseph Mack
Sr vp-mgmt supr, Ray Caro
Vp-acct supr, Ronald Franz
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Jack Irving
Vp-assoc media dir, Ruthanne Greenburg

142. FEDERAL EXPRESS
Federal Express Corp.

	media dollars	
	1982	1983
Magazines	$ 1,717,000	$ 1,430,000
Supps	134,000	—
Newspapers	864,000	896,000
Network tv	11,084,000	20,005,000
Spot tv	8,834,000	2,766,000
Network radio	—	—
Spot radio	48,000	49,000
Outdoor	24,000	32,000
Total	**$22,705,000**	**$25,178,000**

Classification: air cargo (LNA B-612)
Marketing/brand management:
Sr vp-mktg/cust srvcs, Thomas R. Oliver
Vp-mktg, Carole A. Presley
Adv mgr, Nancy Altenburg
Agency: Ally & Gargano, N.Y.
Chmn bd, Carl Ally
Sr vp-mgmt supr, Dennis Visich
Vp-assoc media dir, Hal Zwick

143. EXXON
Exxon Corp.

	media dollars	
	1982	1983
Magazines	$ 3,399,000	$ 3,228,000
Supps	—	—
Newspapers	3,381,000	3,418,000
Network tv	5,734,000	1,111,000
Spot tv	11,211,000	16,210,000
Network radio	471,000	580,000
Spot radio	979,000	407,000
Outdoor	257,000	201,000
Total	**$25,432,000**	**$25,155,000**

Classifications: general (LNA T-230); gasoline, oil (LNA T-210); office machines (LNA B-312)
Marketing/brand management:
Adv mgr, J. L. Stanislaus (Exxon Co. U.S.A.)
Mgr comm prog, J. Kenneth Kansas (Exxon Corp.)
Agencies: McCann-Erickson, N.Y.
(Exxon Co. U.S.A.)
Exec vp-mgmt supr, J. G. Hetherly
Vp-acct dir, Jack W. Collins
Acct suprs: Al Kehr, Eric Nerbst, Lee Pilz
Vp-media dir, Jim Shelby
McCaffrey & McCall, N.Y.
(Exxon Corp, N.Y.)
Sr vp-grp acct mgmt, John B. Collins
Vp-acct exec, Shelia Walker
Sr vp-media dir, Harris Lefkon
Vp-media mgr, Tom Wilson
Assoc media dir, Hans Zucker
Media supr, Ann Price
Marsteller, N.Y.
(Office systems)
Vp-mgmt supr, Jim Waechter
Acct supr, Jim Rosiello
Vp-dir of media, Carla Loffredo
Media supr, Merrille Leder
Sr plnr, Michael Sadowsky

144. LOWENBRAU beer
Philip Morris

	media dollars	
	1982	1983
Magazines	$ 111,000	$ 130,000
Supps	—	—
Newspapers	131,000	81,000
Network tv	16,096,000	15,918,000
Spot tv	6,412,000	4,748,000
Network radio	—	—
Spot radio	1,359,000	4,020,000
Outdoor	6,000	18,000
Total	**$24,115,000**	**$24,915,000**

Classification: beer (LNA F-310)
Marketing/brand management:
Exec vp, Lauren S. Williams
Vp-brand mgmt, William W. Catlin
Grp prod dir, Robert Toledo
Brand mgr, Jerry Schmutte
Agencies: Backer & Spielvogel, New York
Sr vp-mgmt supr, Jeffrey Palmer
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld
Vp-assoc media dir, Scott Butler

145. STOUFFER'S foods
Nestle Enterprises

	media dollars	
	1982	1983
Magazines	$ 4,748,000	$ 5,601,000
Supps	29,000	39,000
Newspapers	466,000	93,000
Network tv	9,860,000	12,048,000
Spot tv	7,512,000	6,915,000
Network radio	—	—
Spot radio	22,000	2,000
Outdoor	—	97,000
Total	**$22,637,000**	**$24,795,000**

Classifications: prepared foods (LNA F-162, F-126, F-180, F-125)
Marketing/brand management:
Vp-mktg, Gerald DeCroce
Mktg mgrs: Richard Annett (Lean Cuisine), Jeff Peck (entrees/side dishes), Paul De Vries (new ventures), Joseph Gaeto (pizza)
Agency: Creamer, Pittsburgh
Vp and grp supr, Richard Weber
Media dir, Ira Bass

146. PRUDENTIAL insurance
Prudential Insurance Co.

	media dollars 1982	media dollars 1983
Magazines	$ 2,167,000	$ 4,225,000
Supps	—	—
Newspapers	182,000	596,000
Network tv	12,178,000	17,225,000
Spot tv	494,000	2,551,000
Network radio	—	—
Spot radio	131,000	181,000
Outdoor	4,000	—
Total	**$15,156,000**	**$24,778,000**

Classification: insurance (LNA B-210)
Marketing/brand management:
Vp-adv, Connie Sartain
Adv mgr, Nancy McCarthy
Agency: Ted Bates, N.Y.
Sr vp-mgmt supr, Lee Hines
Vp-acct suprs: Irene Lubgan, Liz Halaki
Acct execs: Leslie Farrand, Hugh Fanning
Vp-media dir, Tom Mullin
Assoc media dir, Gaye Sussman
Media supr, Carlos Cintron
Media plnr, Stu Finklestein

147. AQUA-FRESH toothpaste
Beecham

	media dollars 1982	media dollars 1983
Magazines	$ 1,435,000	$ 969,000
Supps	—	—
Newspapers	—	—
Network tv	25,764,000	22,757,000
Spot tv	64,000	812,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$27,263,000**	**$24,538,000**

Classification: toothpaste (LNA D-120)
Marketing/brand management:
Vp-mktg, R. Snell
Media dir, Philip Branch
Agency: Grey, New York
Sr vp-acct mgmt, Robert Burruss
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Jack Jadick

148. TAB soft drink
Coca-Cola Co.

	media dollars 1982	media dollars 1983
Magazines	$ 1,255,000	$ 162,000
Supps	—	—
Newspapers	39,000	60,000
Network tv	10,152,000	13,606,000
Spot tv	7,891,000	10,123,000
Network radio	—	—
Spot radio	331,000	186,000
Outdoor	98,000	15,000
Total	**$19,766,000**	**$24,152,000**

Classification: soft drinks (LNA F-220)
Marketing/brand management:
Sr-vp mktg, Sergio Zyman
Mktg dir, Mike Beindorf
Brand mgr, Becky Rodzik
Corp media dir-worldwide, William H. Lynn
Dir of media, Coca-Cola U.S.A., Charlotte Weissenberger
Agencies: SSC&B, New York
(Personnel not announced)
Castor Spanish Intl, N.Y.
(Spanish markets — corporate/product)
Pres, Castor Fernandez
Exec vp-acct supr, Arturo Andrade
Media dir, Carlos Delgado
Asst media dir, Olga Hoffman

149. PAMPERS diapers
Procter & Gamble

	media dollars 1982	media dollars 1983
Magazines	$ 1,387,000	$ 2,012,000
Supps	44,000	—
Newspapers	137,000	400,000
Network tv	14,738,000	16,410,000
Spot tv	3,755,000	5,196,000
Network radio	—	—
Spot radio	—	5,000
Outdoor	—	—
Total	**$20,061,000**	**$24,023,000**

Classification: underwear (LNA A-121)
Marketing/brand management:
Vp, J. M. Edwards
Adv mgr, W. J. Wallace
The media group includes:
Dir media, Russ Condit
Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden
Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price
Ntwk coor, D. J. Noble
Media asst, Susan Porter
Agency: Benton & Bowles, N.Y.
Sr vp-acct dir, Tom Carey
Sr vp-mgmt supr, Mary Garber
Vp-acct supr, Bill Vitriol
Sr vp-dir media mgmt, Phil Guarascio
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Steve Farella

150. HERSHEY products
Hershey Foods

	media dollars 1982	media dollars 1983
Magazines	$ 3,804,000	$ 6,160,000
Supps	595,000	199,000
Newspapers	1,447,000	1,138,000
Network tv	13,622,000	12,200,000
Spot tv	3,955,000	3,609,000
Network radio	—	396,000
Spot radio	408,000	134,000
Outdoor	—	—
Total	**$23,831,000**	**$23,836,000**

Classification: Ingredients/candies (LNA F-115, 211)
Marketing/brand management:
Mktg vp-Gary McQuaid
Dirs of mktg: Jay Carr (candy bars), Michael Holmes (packaged candy/grocery products)
New business dev vp, J. H. Dowd
Dir of new prods, A. J. Pingitore
Agencies: DDB, New York
Exec vp, Peter Falcone
Sr vp-mgmt supr, Peter Tate
Vp-media plng dir, Conant Sawyer
Assoc media plng dir, Jennie Maggio
Ogilvy & Mather, N.Y.
Sr vp-mgmt supr, Michael Vaughan
Sr vp-assoc media dir, Tony Nacinovich
Vp-asst media dirs: Christy Allen, Anthony DeSena, Mark Belton

Trend comments start on page 54.

151. EVEREADY batteries

Union Carbide Corp.

	media dollars 1982	1983
Magazines	$ 204,000	$ 125,000
Supps	321,000	773,000
Newspapers	564,000	944,000
Network tv	19,503,000	20,211,000
Spot tv	1,516,000	1,283,000
Network radio	—	—
Spot radio	3,343,000	314,000
Outdoor	14,000	—
Total	**$25,465,000**	**$23,650,000**

Classification: household batteries (LNA H-220)

Marketing/brand management:

Mktg mgr, G. D. Klein

Adv mgr, Douglas Orr

Agency: William Esty, N.Y.

Sr vp-mgmt supr, Richard Vanden Bosch

Sr vp-media dir, Peter Triolo

Assoc media dir, Patricia Reilly

Media supr, Karen Bensen

152. TIMEX

Timex Corp.

	media dollars 1982	1983
Magazines	$ 4,538,000	$ 5,798,000
Supps	1,417,000	1,458,000
Newspapers	2,627,000	3,901,000
Network tv	12,968,000	9,824,000
Spot tv	2,468,000	2,412,000
Network radio	—	—
Spot radio	25,000	24,000
Outdoor	1,000	—
Total	**$24,044,000**	**$23,417,000**

Classifications: watchs (LNA G-212); computers (LNA B-311); small appliances (LNA H-280)

Marketing/brand management:

Vp-mktg/sales-worldwide, C. Michael Jacobi

Dir mktg and sales, U.S.A., David Rahilly

Mgr of mktg, Mario Sabatini

Mgr adv and pub rel, John Cincotta

Agencies: Grey, New York

(watches and clocks)

Exec vp-mgmt rep, Clark Montgomery

Mgmt supr, Casey Wojeichowski

Acct exec, Pamela Siebels

Exec vp-dir media & prog, Alec Gerster

Vp-assoc media dir, John Jacobs

J. Walter Thompson, N.Y.

(medical products)

Sr vp-mgmt dir, Peter Schweitzer

Vp-acct supr, Phil Forman

Acct supr, Jennifer Close

Acct exec, Martin Fisher

Sr vp-media dir, Richard Kostyra

Sr vp-dir media plng, John Gray

Assoc media dir, Emily Swartzentruber

Castor Spanish Intl, N.Y.

(Spanish markets — corporate/product)

Pres, Castor Fernandez

Exec vp-acct supr, Arturo Andrade

Media dir, Carlos Delgado

Asst media dir, Olga Hoffman

153. REYNOLDS

Reynolds Metals

	media dollars 1982	1983
Magazines	$ 1,190,000	$ 1,169,000
Supps	—	224,000
Newspapers	882,000	692,000
Network tv	3,295,000	—
Spot tv	7,789,000	21,310,000
Network radio	—	—
Spot radio	7,000	—
Outdoor	31,000	18,000
Total	**$13,194,000**	**$23,413,000**

Classification: food wraps and foils (LNA H-233)

Marketing/brand management:

Natl mktg mgr, P. W. Miltenberger

Natl adv dir, Doug Mickle

Assoc adv dir, Susan Gaible

Agencies: J. Walter Thompson, N.Y.

(foil wrap)

Sr vp-mgmt dir, Jack Morrissey

Vp-mgmt supr, Bob Bird

Sr vp-media dir, Richard Kostyra

Assoc media dir, Ronnie Beason

Tucker Wayne, Atlanta

(oven cooking bags)

Sr vp-media dir, William Zuspan

Media plnr, Jill Ditton

Acct suprs: Don Morgan, Jim Reeder

Acct exec, Barrett Batson

Lord, Geller, Federico, Einstein, N.Y.

(plastic wrap)

Sr vp-mgmt supr, Sally Minara

Vp-acct supr, Charles Lloyd

Vp-assoc media dir, Sondra Gage

Four-year trend totals start on page 56.

154. CLOROX laundry products

Clorox

	media dollars 1982	1983
Magazines	$ 1,896,000	$ 1,331,000
Supps	—	—
Newspapers	—	—
Network tv	25,183,000	19,363,000
Spot tv	1,933,000	2,477,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$29,012,000**	**$23,171,000**

Classification: laundry preparations (LNA H-420)

Marketing/brand management:

Gen mgr, G. Craig Sullivan

Adv mgr, Robert P. Johnson

Assoc adv mgr, Jack Robertson

Dir media, Robert Bolte

Agency: FC&B/San Francisco

Sr vp-grp mgmt supr, Jack Balousek

Sr vp-mgmt supr, Theodore Block

Vp-mgmt suprs: David Schaefer, Jane Gardner

Accct suprs: Jon Dale, Richard Ward, Ron Williams

Vp-assoc media dir, Lon Pulse

Media supr, David Babbitz

155. DURACELL batteries

Dart & Kraft

	media dollars 1982	1983
Magazines	—	$ 1,071,000
Supps	—	—
Newspapers	$ 28,000	35,000
Network tv	18,938,000	19,508,000
Spot tv	1,080,000	1,995,000
Network radio	507,000	374,000
Spot radio	—	—
Outdoor	—	—
Total	**$20,553,000**	**$22,983,000**

Classification: household batteries (LNA H-220)

Marketing/brand management:

Vp-mktg, W. F. Saint

Grp prod mgr, Kevin Kelly

Prod mgr, Mark Lucas

Agency: Ogilvy & Mather, N.Y.

Sr vp-grp dir, Cliff Angers

Sr vp-mgmt supr, Jack Reed

Vp-acct supr, Rick Estabrook

Sr vp-dir media srvcs, Larry Cole

Sr vp-assoc media dir, Tony Nacinovich

Vp-asst media dir, Mark Belton

156. LINCOLN
Ford Motor

	media dollars	
	1982	1983
Magazines	$ 2,919,000	$ 2,100,000
Supps	90,000	—
Newspapers	8,209,000	9,109,000
Network tv	9,095,000	3,369,000
Spot tv	5,650,000	7,417,000
Network radio	75,000	—
Spot radio	597,000	58,000
Outdoor	158,000	721,000
Total	**$26,793,000**	**$22,774,000**

Classification: cars (LNA T-110)
Marketing/brand management:
(Lincoln-Mercury div.)
Gen mktg mgr, Ross H. Roberts
Advtg mgr, John B. Vanderzee
Agency: Young & Rubicam, Detroit
Exec vp-grp dir, John Sanders
Sr vp-grp dir, C. E. Riley
Vp-media dir, Ken Pool

157. TACO BELL restaurants
PepsiCo

	media dollars	
	1982	1983
Magazines	—	—
Supps	—	—
Newspapers	—	—
Network tv	—	—
Spot tv	$11,474,000	$18,560,000
Network radio	—	—
Spot radio	1,740,000	3,589,000
Outdoor	34,000	95,000
Total	**$13,248,000**	**$22,244,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Sr vp-mktg, Lawrence Highby
Vp-adv, John Moorhead
Vp-field mktg/media, Pat Morris
Agency: Tracy-Locke/BBDO, Dallas
Sr vp, Rod Underhill
Acct supr, Todd Knudson
Media supr, Beth Wallach

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158. SAFEWAY stores
Safeway Food

	media dollars	
	1982	1983
Magazines	$ 1,526,000	$ 942,000
Supps	—	—
Newspapers	(no data)	(no data)
Network tv	52,000	—
Spot tv	19,154,000	19,470,000
Network radio	—	—
Spot radio	1,236,000	1,722,000
Outdoor	—	7,000
Total	**$21,968,000**	**$22,141,000**

Classification: all retail
Marketing/brand management:
Sr vp-dir mktg, John H. Prinster
Mgr. adv & prom div, Ron Giglio
Agency: Ketchum, San Francisco
(Corporate)
Sr vp-grp mgmt supr, Diane Snedaker
Acct supr, Michael Banks
Sr-vp media dir, Seth Dingley
Vp-assoc media dir, Cheryl Kroyer
Advertising managers determine media expenditures for respective divisions. Each division employs agency for broadcast — 15 different agencies used throughout U.S.

159. WOOLWORTH
F. W. Woolworth

	media dollars	
	1982	1983
Magazines	$ 11,000	$ 200,000
Supps	—	—
Newspapers	87,720,000	21,228,000
Network tv	—	—
Spot tv	3,564,000	176,000
Network radio	—	—
Spot radio	2,222,000	531,000
Outdoor	—	—
Total	**$93,517,000**	**$22,135,000**

Classification: all retail
Marketing/brand management:
Sr vps-merchandise: Frank Newman, Robert Butler
Vp-sales & adv, Gary Fuller
Dir adv, Charles Worley
Agency: Sawdon & Bess, N.Y.
Pres. Jerome Bess
Exec vp-coo, Martin M. Mitchell
Grp sr vp-mgmt supr, William J. Lane
Media dir, John Prendergast
Bdcst dir, David Wahlberg

160. AMERICAN DAIRY ASSN.

	media dollars	
	1982	1983
Magazines	$ 1,638,000	$ 168,000
Supps	69,000	134,000
Newspapers	912,000	618,000
Network tv	3,687,000	4,532,000
Spot tv	12,836,000	11,007,000
Network radio	794,000	1,715,000
Spot radio	2,917,000	3,757,000
Outdoor	499,000	180,000
Total	**$23,352,000**	**$22,111,000**

Classification: diary products (LNA F-130)
Marketing/brand management:
Pres, Joseph B. Kelson
Vp-dir of pub, Jane Holmes
Vp-mktg srvcs, G. B. Simpson
Mgr media plng & srvcs, Donna Arcus
Agency: D'Arcy MacManus Masius, Chicago
Sr vp-mgmt supr, Benjamin Bishop
Acct grp suprs: Bob Meuser, Dixon R. Head, Jr.
Sr vp-dir media srvcs, J. P. Zeller
Vp-assoc media dir, Willard L. Hemsworth
Media supr, Sandra S. Whitelaw
Media plnrs: Donna Schauer, J. Zeh

161. OIL OF OLAY
Richardson-Vicks

	media dollars	
	1982	1983
Magazines	$ 4,796,000	$ 2,804,000
Supps	—	—
Newspapers	—	—
Network tv	18,909,000	13,304,000
Spot tv	3,893,000	5,811,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$27,598,000**	**$21,919,000**

Classification: cosmetics (LNA D-110)
Marketing/brand management:
Vp-mktg dir, Peter Wilson
Dir of media, Irwin Fleischer
Mgr media admin, Evelyn Fitzsimmons
Agency: Young & Rubicam, N.Y.
Sr vp-mgmt supr, Robert Gleckler
Acct suprs: Alan Catling, Carla Gambescia
Acct execs: Judy Reiss, Scott Stuart
Vp-media grp supr, Nancy Smith
Media supr, Steven Naftelberg

162. VICKS
Richardson-Vicks

	media dollars	
	1982	1983
Magazines	$ 6,000	$ 622,000
Supps	—	—
Newspapers	—	—
Network tv	16,996,000	16,496,000
Spot tv	4,893,000	4,613,000
Network radio	—	—
Spot radio	—	55,000
Outdoor	—	—
Total	**$21,895,000**	**$21,786,000**

Classification: medicines (LNA D-210)

Marketing/brand management:

(Health Care Division)

Mktg dirs: Bill O'Neil (new products), Steve Bear (established cold products)

Dir of media, Irwin Fleischer

Agencies: Benton & Bowles, N.Y.

Sr vp-acct dir, Richard Hopple

Sr vp-mgmt suprs: Alan Goltz, Casey Jones

Vp-acct supr, Pat Doody,

Sr vp-dir media mgmt, Phil Guarascio

Assoc media dir, Monica Shaffer

Young & Rubicam, N.Y.

Sr vp-mgmt supr. Robert Gleckler

Vp-acct supr, John Swan

Acct exec, William Mears

Vp-media grp supr, Sue Chamberlain

Media supr, Patrice McAuliffe

163. MILTON BRADLEY games
Milton Bradley Co.

	media dollars	
	1982	1983
Magazines	$ 9,000	—
Supps	—	—
Newspapers	—	—
Network tv	7,023,000	$ 5,842,000
Spot tv	14,289,000	15,828,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$21,321,000**	**$21,670,000**

Classification: games, toys (LNA G-450)

Marketing/brand management:

Exec vp-mktg, George Ditomassi, Jr.

Vp-mktg, Richard Jordan

Dir prod mgmt, Michael Meyers

Adv mgr, George Merritt

Agency: MB Communications

(house agency)

Exec vp-gen mgr, John Payson

Vp-media srvc, Edward Radding

164. SPRINT
G.T.E. Corp.

	media dollars	
	1982	1983
Magazines	$ 573,000	$ 408,000
Supps	—	—
Newspapers	—	—
Network tv	—	21,000
Spot tv	10,683,000	20,093,000
Network radio	—	—
Spot radio	—	1,013,000
Outdoor	—	—
Total	**$11,256,000**	**$21,535,000**

Classification: communications (LNA B-140)

Marketing/brand management:

Dir adv, Ralph Sherman

Agency: J. Walter Thompson, San Francisco

Vp-mgmt supr, Larry Stropes

Assoc media dir, Al Adams

165. SWANSON foods
Campbell Soup

	media dollars	
	1982	1983
Magazines	$ 340,000	$ 1,316,000
Supps	—	104,000
Newspapers	238,000	1,461,000
Network tv	4,209,000	11,127,000
Spot tv	5,424,000	7,341,000
Network radio	688,000	—
Spot radio	45,000	27,000
Outdoor	—	—
Total	**$10,944,000**	**$21,376,000**

Classifications: meats, poultry, fish (LNA F-150); prepared foods (LNA F-120)

Marketing/brand management:

Mgr media srvcs, Marianne Ham

Agency: Ogilvy & Mather, N.Y.

Vp-mgmt supr, Stephanie Becker

Sr vp-assoc media dir, Tony Nacinovich

Vp-asst media dir, Mark Belton

166. ALKA-SELTZER
Miles Labs (A. G. Bayer)

	media dollars	
	1982	1983
Magazines	$ 2,264,000	$ 123,000
Supps	—	—
Newspapers	—	—
Network tv	13,066,000	15,913,000
Spot tv	3,145,000	3,281,000
Network radio	—	1,854,000
Spot radio	—	64,000
Outdoor	—	—
Total	**$18,475,000**	**$21,235,000**

Classification: medicines (LNA D-210)

Marketing/brand management:

Vp-mktg-U.S., Stephen M. Reim

Vp-mktg srvcs, Mitchell Streicker

Agencies: McCann-Erickson, N.Y.

Sr vp-mgmt rep, Michael Sennott

Vp-acct dir, Mel Philpott

Sr vp-media dir, Ira Carlin

Sr vp-media plng dir, Vince Rafti

Vp-assoc plng dir, Vince Tortorelli

Wells, Rich, Greene, N.Y.

(Alka-Seltzer Plus/new products)

Sr vp-acct grp head, Walter Holden

Sr vp-media dir, Robert Geis

Vp-plng srvcs dir, Steven Ziglar

Vp-media grp head, Joan Shelt

Assoc media grp head, Doug Spak

167. DE BEERS diamonds
De Beers Con. Mines

	media dollars	
	1982	1983
Magazines	$ 9,676,000	$11,884,000
Supps	45,000	—
Newspapers	—	—
Network tv	8,402,000	8,095,000
Spot tv	1,501,000	1,188,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$19,624,000**	**$21,167,000**

Classification: jewelry (LNA G-211)

Agency: N W Ayer, N.Y.

Exec vp-exec acct dir, George H. Eversman

Sr vp-mgmt supr, Harkness Cram

Vp-grp media dir, David Lehmkuhl

Assoc media dir, Andrea Fields

Media supr, Jean Connolly

168. HANES products
Hanes Corp.
(Consolidated Foods)

	media dollars	
	1982	1983
Magazines	$ 2,369,000	$ 3,441,000
Supps	23,000	270,000
Newspapers	31,000	447,000
Network tv	14,174,000	14,910,000
Spot tv	365,000	1,042,000
Network radio	—	227,000
Spot radio	52,000	808,000
Outdoor	31,000	15,000
Total	**$17,045,000**	**$21,160,000**

Classifications: hosiery (LNA A-160); underwear (LNA A-120)

Marketing/brand management:
Vp-mktg, Robert E. Simms
Grp prod mgr, Nancy Haviland
Prod mgr, Christine A. Findland
Agencies: DFS, New York
Sr vp-mgmt supr, Len DeLuca
Acct supr, Harley Griffiths
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Assoc media dir, Rich O'Gorman

169. HALLMARK cards

Hallmark Cards

	media dollars	
	1982	1983
Magazines	$ 9,000	$ 509,000
Supps	—	—
Newspapers	128,000	65,000
Network tv	16,971,000	18,668,000
Spot tv	412,000	1,381,000
Network radio	—	276,000
Spot radio	—	—
Outdoor	—	—
Total	**$17,520,000**	**$20,899,000**

Classification: greeting cards (LNA B-321)
Marketing/brand management:
Dir adv & sales prom, Brad R. Moore
Agency:
Ogilvy & Mather, NY
(announced at press time)

170. SANKA coffee

General Foods

	media dollars	
	1982	1983
Magazines	$ 920,000	$ 1,820,000
Supps	218,000	193,000
Newspapers	655,000	895,000
Network tv	21,414,000	13,898,000
Spot tv	4,492,000	4,070,000
Network radio	1,880,000	—
Spot radio	142,000	—
Outdoor	—	—
Total	**$29,721,000**	**$20,876,000**

Classification: coffee (LNA F-171)
Marketing/brand management:
Vp-gen mgr, Steve Morris
Cat mgrs: Joel Johnson, Charles Phillips
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Grp mgr, plng/res, J. L. Spaeth
Mgr, local media, R. C. Gillespie
Asst mgr, local media, L. F. Meyer
Mgrs, plng/buying: Brenda Jansen (network), Gary Gruneberg (print)
Media asst, Booby Asano
Agency: Young & Rubicam, N.Y.
Exec vp-grp supr, Lawrence Snapiro
Vp-mgmt supr, Anne Zopfi
Vp-acct supr, Scott Masen
Acct execs: Larraine Alhadeff, David Fendel
Vp-media grp supr, Mark Arnold
Media supr, Jean-Claude Ziegler

171. JORDACHE clothing

Jordache Enterprises

	media dollars	
	1982	1983
Magazines	$ 2,222,000	$ 2,892,000
Supps	1,003,000	1,011,000
Newspapers	1,326,000	1,679,000
Network tv	—	—
Spot tv	11,560,000	14,384,000
Network radio	—	—
Spot radio	—	—
Outdoor	391,000	907,000
Total	**$16,502,000**	**$20,873,000**

Classifications: apparel, footwear and accessories (LNA A-100); underwear, foundations, bras and lounging apparel (LNA A-120)
Marketing/brand management:
Vp-dir adv & pub, Robert E. Robbins
Agency: Frons Advertising, N.Y.
(house agency)
Media dir, Rachelle Glickman
Acct exec, Al Doral

172. CHEERIOS cereal

General Mills

	media dollars	
	1982	1983
Magazines	$ 479,000	$ 26,000
Supps	—	—
Newspapers	78,000	725,000
Network tv	12,018,000	9,278,000
Spot tv	7,846,000	10,760,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$20,421,000**	**$20,789,000**

Classification: cereals (LNA F-122)
Marketing/brand management:
Prod mgr, Jay Shoemaker
Agency: DFS, New York
Exec vp-mgmt supr, E. F. Bonn
Vp-mgmt supr, James Ritts
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Jack Irving
Vp-assoc media dir, R. Greenberg

173. THE NATIONAL ENQUIRER

National Enquirer Inc.

	media dollars	
	1982	1983
Magazines	—	—
Supps	—	—
Newspapers	—	—
Network tv	$27,515,000	$18,914,000
Spot tv	2,171,000	1,705,000
Network radio	—	—
Spot radio	69,000	—
Outdoor	—	—
Total	**$29,755,000**	**$20,619,000**

Classification: magazines (LNA B-420)
Marketing/brand management:
Chmn, Generoso Pope, Jr.
Pres, Iain Calder
Agency: Compton, N.Y.
Sr vp-mgmt dir, David Basch
Acct exec, Alan Mounty
Assoc media dir, Carol Karasick
Asst media mgr, Sande Pisik

174. WHIRLPOOL appliances

Whirlpool Corp.

	media dollars	
	1982	1983
Magazines	$ 4,477,000	$ 5,355,000
Supps	—	—
Newspapers	1,408,000	1,898,000
Network tv	13,539,000	12,178,000
Spot tv	855,000	773,000
Network radio	—	—
Spot radio	—	—
Outdoor	7,000	21,000
Total	**$20,286,000**	**$20,225,000**

Classification: major appliances (LNA H-210)
Marketing/brand management:
Dir vp-mktg comm, David Allen
Natl adv mgr, Herb Rose
Agencies: D'Arcy MacManus Masius/Bloomfield Hills, MI
Vice chmn, Robin Smith
Exec vp-mgmt supr, Richard P. Monley
Vp-acct supr, Ken Brandt
Vp-dir mktg & res, Charles Stannard
Sr vp-media dir, George Rogers
Vp-assoc media dir, Ed Coosia
The Netedu Co., Benton Harbor, MI
Pres, Charles F. Worthington
Acct execs: John Hoffman, Carl Coon, Bill Sherrington, Mike Kosinski, Mike Nitz

175. FLORIDA citrus
State of Florida

	media dollars	
	1982	1983
Magazines	$ 358,000	$ 3,499,000
Supps	—	—
Newspapers	766,000	379,000
Network tv	17,081,000	14,511,000
Spot tv	318,000	673,000
Network radio	—	—
Spot radio	183,000	1,141,000
Outdoor	—	—
Total	**$18,706,000**	**$20,203,000**

Classification: citrus products (LNA F-172-9)

Marketing/brand management:
Mktg dir, Douglas Hoffer
Adv/prom dirs: Harry R. Rixman, Jr. (grapefruit), William P. Gordon (oranges), Glenda Obrecht (food service)
Mkt res, George de Jager
Mdsg, William Polk

Agency: DFS, New York
Sr vp-mgmt supr, Robert K. Eagan
Vp-acct suprs: Jack Mascola (grapefruit), Donn Dolan (oranges)
Exec vp-dir mktg srvcs, Allen Banks
Vp-sr assoc media dir, Richard Weigand
Assoc media dir, Gay Kassan

176. MOBIL gasoline/oil
Mobil Oil

	media dollars	
	1982	1983
Magazines	$ 5,211,000	$ 3,190,000
Supps	3,300,000	1,306,000
Newspapers	7,226,000	6,473,000
Network tv	3,000	6,000
Spot tv	6,015,000	7,384,000
Network radio	—	—
Spot radio	2,163,000	1,630,000
Outdoor	22,000	40,000
Total	**$23,940,000**	**$20,029,000**

Classifications: general promotion (LNA T-230); gas/oil (LNA T-211)

Marketing/brand management:
(U.S. Marketing and Refining Div.)
Vp-gen mgr mktg, Joseph B. Hinton
Gen mgr mktg srvcs, K. C. Esty
Adv mgr, A. G. Spiess
Mgr comm adv, Isaac Kershaw
(public affairs div.)
Vp-public affairs, Herbert Schmertz
Gen mgr-pub rel, J. B. Merrell

Agencies: DDB, New York
Grp sr vp, Larry Iannuzzelli
Exec vp-dir media & prog, Michael Drexler
Vp-media plng dir, George Huelser
Assoc media plng dir, Elizabeth Lubarsky

Creamer, New York/Chicago
(farm and industrial)
(New York)
Sr vp-acct supr, Fred Dixon
Sr vp-media dir, Allan Linderman
Media supr, Irwin Joseph
(Chicago)
Vp-agric grp head, Ron Hortzman
Sr media plnr/buyer, Jim Wyza

177. PABST beer
Pabst

	media dollars	
	1982	1983
Magazines	—	—
Supps	—	—
Newspapers	$ 159,000	$ 333,000
Network tv	874,000	10,453,000
Spot tv	5,985,000	5,537,000
Network radio	63,000	—
Spot radio	—	3,416,000
Outdoor	552,000	245,000
Total	**$7,633,000**	**$19,984,000**

Classification: beer (LNA F-310)

Marketing/brand management:
Vp-adv, Richard Ratcheson

Agencies: McCann-Erickson, N.Y.
Acct exec, Michael Silver
Acct supr, Ken Merz
Vp-assoc media dir, George Hayes
Media plnr, Brian Battersby

Y&R, Chicago
(Pabst Light)
Vp-media dir, David S. Tracy
Media suprs: Mike Murphy, Donna Kirchman
Vp-bus mgr, Larry Claypoor
Mgmt supr, Mike Bennett

178. AVIS
Esmark Inc.

	media dollars	
	1982	1983
Magazines	$ 1,991,000	$ 2 569,000
Supps	—	—
Newspapers	2,245,000	3,655,000
Network tv	9,304,000	8,261,000
Spot tv	2,483,000	3,393,000
Network radio	478,000	71,000
Spot radio	1,979,000	1,996,000
Outdoor	31,000	24,000
Total	**$19,011,000**	**$19,969,000**

Classifications: car rental (LNA T-414); car dealers (LNA T-113)

Marketing/brand management:
Vp-corp mktg, Lawrence D. Mazur
Dir mktg, John C. O'Neil, Jr.

Agency: McCaffrey & McCall, N.Y.
Sr vp-acct mgmt, Samuel P. Fertig
Sr vp-media dir, Harris Lefkon
Vp-assoc media dir, Hans Zucker

179. UNITED ARTISTS
MGM/UA Entertainment

	media dollars	
	1982	1983
Magazines	$ 226,000	$ 203,000
Supps	—	—
Newspapers	—	—
Network tv	8,752,000	11,120,000
Spot tv	13,093,000	7,954,000
Network radio	—	—
Spot radio	67,000	495,000
Outdoor	16,000	106,000
Total	**$22,154,000**	**$19,878,000**

Classification: movies (LNA G-310)

Marketing/brand management:
Sr vp-adv, Gregg Morrison
Vp-adv/co-op adv, Edie Keller

Agency: Wells, Rich, Greene, Los Angeles
Mgmt supr, Dick Porter
Media dir, Pat Casa (N.Y.)

180. TASTER'S CHOICE
Nestle Enterprises

	media dollars	
	1982	1983
Magazines	$ 34,000	$ 248,000
Supps	—	—
Newspapers	1,113,000	84,000
Network tv	17,575,000	17,064,000
Spot tv	1,670,000	2,232,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$20,392,000**	**$19,628,000**

Classification: coffee (LNA F-171)

Marketing/brand management:
Vp-mktg srvcs, Bonnie Piven
Vp-mktg srvcs dir, J. R. Hall
Mktg vp, Jeff Caso
Media dir, Steve Kubinski
Media mgr, Robert Bishopp

Agency: Leo Burnett, Chicago
Sr vp-client srvc dir, Bill Smith
Sr vp-media srvcs div, Willard Hadlock
Media dir, Dick Hobbs
Media suprs: Sue [illegible]khart, Carl Spaulding

Trend comments start on page 54.

181. KROGER foods

Kroger

	media dollars	
	1982	1983
Magazines	$ 25,000	$ 246,000
Supps	—	—
Newspapers	(no data)	(no data)
Network tv	—	—
Spot tv	14,392,000	17,310,000
Network radio	—	—
Spot radio	777,000	1,380,000
Outdoor	111,000	596,000
Total	**$15,305,000**	**$19,532,000**

Classifications: all retail
Marketing/brand management:
Dir of adv, Al Stec
Agency: Campbell-Mithun, Chicago
Sr vp-mgmt supr, Bill White
Vp-assoc media dir, Janet Bak

182. KEEBLER

United Biscuits

	media dollars	
	1982	1983
Magazines	$ 183,000	$ 1,470,000
Supps	—	—
Newspapers	—	34,000
Network tv	9,559,000	15,071,000
Spot tv	1,941,000	2,879,000
Network radio	—	—
Spot radio	427,000	28,000
Outdoor	—	—
Total	**$12,110,000**	**$19,482,000**

Classifications: cookies and crackers (LNA F-163); confectionery and snacks (LNA F-120)
Marketing/brand management:
Sr vp-mktg, Charles L. Shemely
Agency: Leo Burnett Co., Chicago
Vp-acct dir, Joe McGowan
Acct suprs: Bob Hall, Sadru Patel
Sr vp-media srvcs div, Willard Hadlock
Vp-media dir, Chuck Quarnstrom

183. RAGU foods

Chesebrough-Pond's

	media dollars	
	1982	1983
Magazines	$ 5,058,000	$ 824,000
Supps	287,000	—
Newspapers	771,000	325,000
Network tv	15,832,000	12,368,000
Spot tv	2,091,000	5,925,000
Network radio	—	—
Spot radio	81,000	—
Outdoor	—	—
Total	**$24,120,000**	**$19,442,000**

Classifications: sauces (LNA F-117); prepared mixes (LNA F-113)
Marketing/brand management:
Mktg dir, Michael Jeans
Grp prod mgrs: Robert Maurer (Ragu), Dave Bluestein (Pizza Quick sauce, Adolphs), John Rice (new products)
Media dir-corp, Joseph Campion
Agency: Waring & LaRosa, N.Y.
Sr vp-mgmt supr, Irwin Levy
Acct supr, Clark Olver
Acct exec, Don Amira
Sr vp-media dir, Martin Narva
Vp-assoc media dir, Jean Mandel

184. DEXATRIM

Thompson Medical

	media dollars	
	1982	1983
Magazines	$ 1,523,000	$ 1,626,000
Supps	—	—
Newspapers	200,000	—
Network tv	5,750,000	15,477,000
Spot tv	3,484,000	2,322,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$10,957,000**	**$19,425,000**

Classification: reducing aids (LNA D-217)
Marketing/brand management:
Vp-mktg, Donald Lepone
Corp prod mgr, Mark Kalan
Mgr media srvcs, Richard Zakin
Agency: Compton, New York
Acct supr, Erica Wibrauer
Grp media dir, Carol Karasick
Media supr, David Gold

185. BAYER aspirin

Sterling Drug

	media dollars	
	1982	1983
Magazines	$ 1,337,000	$ 1,306,000
Supps	103,000	130,000
Newspapers	157,000	10,000
Network tv	18,077,000	14,779,000
Spot tv	1,549,000	2,984,000
Network radio	820,000	—
Spot radio	45,000	63,000
Outdoor	8,000	14,000
Total	**$22,096,000**	**$19,286,000**

Classification: medicines (LNA D-210)
Marketing/brand management:
Vp-mktg, Gerry Mattimore
Agency: SSC&B, New York
Vice chmn, Spencer Plavoukas
Exec vp, Alan Grazio
Exec vp, dir mktg srvcs, Lawrence Lamattina
Vp-assoc media dir, Alan Jurmain

186. PARAMOUNT pictures

Gulf & Western

	media dollars	
	1982	1983
Magazines	$ 1,030,000	$ 371,000
Supps	664,000	—
Newspapers	750,000	42,000
Network tv	1,512,000	1,370,000
Spot tv	16,780,000	17,161,000
Network radio	—	—
Spot radio	579,000	93,000
Outdoor	243,000	172,000
Total	**$21,558,000**	**$19,209,000**

Classification: movies (LNA G-310)
Marketing/brand management:
Sr vp-worldwide-mktg, Gordon Weaver
Vp-mktg, Steve Rose
Vp-natl adv, Tom Campanella
Vp-pub/prom, Kathy Jones
Exec dir natl adv, Angel Lopez
Vp-creative adv, Shelley Hochron
Agency: Diener/Hauser/Bates, N.Y.
Vp-acct exec, Ernie Shapiro
Acct exec, Gilda Hicks
Exec vp-media, Norman Trell
Media dirs: Cheryl Lodinger (bdcst.), Stuart Jacob (print)

187. NATURE VALLEY

General Mills

	media dollars	
	1982	1983
Magazines	$ 742,000	$ 1,420,000
Supps	88,000	—
Newspapers	469,000	219,000
Network tv	11,519,000	8,620,000
Spot tv	3,661,000	8,872,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$16,479,000**	**$19,131,000**

Classification: confectionery & snacks (LNA F-210)
Marketing/brand management:
Dir mktg, Bob Streetmater
Agency: Campbell-Mithun, Minneapolis
Sr vp-dir client srvcs, Bruce Sutherland
Vp-mgmt supr, Madeline Belsch
Vp-dir media plng resources, Allen Gersten
Assoc media dir, Becky Hom

188. **MASTERCARD**
MasterCard Intl.

	media dollars 1982	1983
Magazines	$ 487,000	$ 2,017,000
Supps	20,000	75,000
Newspapers	—	—
Network tv	11,549,000	13,923,000
Spot tv	2,932,000	2,918,000
Network radio	—	—
Spot radio	—	—
Outdoor	11,000	2,000
Total	**$14,999,000**	**$18,935,000**

Classification: credit card (LNA B-155)
Marketing/brand management:
Sr vp-adv, Kneeland S. Moore
Dir of adv, Barbara Bromberg
Agency: William Esty, N.Y.
Vp-acct supr, James Stewart
Sr vp-grp media dir, Philip Schwertz

189. **MERRILL LYNCH**
Merrill Lynch & Co.

	media dollars 1982	1983
Magazines	$ 4,814,000	$ 4,657,000
Supps	75,000	102,000
Newspapers	—	—
Network tv	6,470,000	11,673,000
Spot tv	1,541,000	1,720,000
Network radio	—	—
Spot radio	224,000	611,000
Outdoor	5,000	117,000
Total	**$13,129,000**	**$18,880,000**

Classifications: financial (LNA B-150); real estate (LNA G-520)
Marketing/brand management:
Exec vp-mktg, Daniel P. Tulley
Vp-adv mgr, James W. Walsh
Prod adv mgr, Laurie Page
Agency: Young & Rubicam, N.Y.
Sr vp-mgmt suprs: William Green (corporate, realty), Edward Comiskey (capital markets)
Vp-acct suprs: Peter Nicholson, Hayes Roth
Sr vp-grp media supr, George Sharpe

190. **NEW FREEDOM**
Kimberly-Clark

	media dollars 1982	1983
Magazines	$ 5,509,000	$ 5,748,000
Supps	—	602,000
Newspapers	611,000	3,053,000
Network tv	8,901,000	9,067,000
Spot tv	111,000	300,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$15,132,000**	**$18,770,000**

Classification: feminine hygiene products (LNA D-123)
Marketing/brand management:
Dir adv srvcs, George Ker
Mktg dir, Steve Hotla
Grp prod mgr, Kathi Seifert
Agency: Ogilvy & Mather, N.Y.
Sr vp-grp supr, Peter Barnet (Thin Max, Reg., Super, Anytime)
Sr vp-mgmt supr, Karen Greene (Thin Max, Reg., Super, Anytime)
Vp-acct supr, D. Courtney (Thin Max)
Sr vp-assoc media dir, Ray Simko
Vp-asst media dir, Beth LeMasurier

191. **PLANTERS nuts**
Nabisco Brands

	media dollars 1982	1983
Magazines	$ 868,000	$ 1,015,000
Supps	—	—
Newspapers	166,000	27,000
Network tv	8,528,000	8,555,000
Spot tv	7,828,000	9,085,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$17,390,000**	**$18,682,000**

Classification: appetizers, snacks and nuts (LNA F-212)
Marketing/brand management:
Dir adv/prom, Carey Keane
Agency: Benton & Bowles, N.Y.
Vp-mgmt supr, Diane Jones
Acct supr, George Burnett
Sr vp-dir media mgmt, Phil Guarascio
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Brian Hughes

192. **FINESSE**
Helene Curtis

	media dollars 1982	1983
Magazines	$ 960,000	—
Supps	—	—
Newspapers	26,000	—
Network tv	8,562,000	$17,949,000
Spot tv	46,000	486,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$9,594,000**	**$18,435,000**

Classification: hair products (LNA D-140)
Marketing/brand management:
Vp-mktg cons goods, Robert Thomas
Grp brand mgr, Lynda Robleski
Brand mgr, Patricia Hambrick
Agency: Backer & Spielvogel, N.Y.
Mgmt supr, Theodore La Montagne
Exec vp-dir media srvcs, Steven Leff

193. **AMERICAN cars**
American Motors

	media dollars 1982	1983
Magazines	$ 4,148,000	$ 2,088,000
Supps	—	—
Newspapers	2,313,000	4,955,000
Network tv	5,586,000	6,337,000
Spot tv	6,864,000	4,446,000
Network radio	—	—
Spot radio	147,000	121,000
Outdoor	80,000	486,000
Total	**$19,138,000**	**$18,433,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Vp-mktg grp, Joseph E. Cappy
Dir-mdsg & sales prom, Robert F. Donovan
Dir-adv & mktg plng, David L. Kerr
Mgr Jeep adv, Thomas L. Draur
Mgr dealer adv, James D. Rader
Mgr media/budgets, Robert G. Wildberter
Agencies: Grey, New York
Exec vp-acct mgmt, Louis G. Maloof
Sr vp-gen mgr, Bruce McRitchie
Exec vp-dir media & prog, Alec Gerster
Compton, Detroit
(four-wheel drive products)
Exec vp-mgmt dir, Richard Rasor (N.Y.)
Sr vp-mgmt dir, David Van Peursem
Vp-media dir, Mike Want
Vp-assoc media dir, Tom Johnson

194. **LUVS diapers**
Procter & Gamble

	media dollars 1982	1983
Magazines	$ 1,704,000	$ 1,832,000
Supps	—	—
Newspapers	270,000	417,000
Network tv	14,175,000	9,405,000
Spot tv	4,348,000	6,722,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$20,497,000**	**$18,376,000**

Classification: underwear (LNA A-121)
Marketing/brand management:
Vp, J. M. Edwards
Adv mgr, W. J. Wallace
The media group includes:
Dir media, Russ Condit
Assoc media mgrs: J. R. Maxwell, Gordon Milne, Gordon Young, E. R. Plowden

Media suprs: James P. Connell, R. H. Jones, John Taylor, Lynne C. Veil, Mary Price
Ntwk coor, D. J. Noble
Media asst, Susan Porter
Agency: DFS, New York
Exec vp-mgmt dir, Richard O'Brien
Sr vp-mgmt supr, Richard Pounder
Acct supr, Mitchell Cogert
Exec vp-dir mktg srvcs, Allen Banks
Vp-sr assoc media dir, Richard Weigand
Assoc media dir, Maureen Welch

195. TRUE cigarettes
Lorillard (Loews)

	media dollars	
	1982	1983
Magazines	$ 7,431,000	$12,277,000
Supps	571,000	188,000
Newspapers	7,655,000	3,838,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	3,179,000	2,023,000
Total	**$18,836,000**	**$18,326,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-adv & brand mgmt, T. H. Mau
Grp brand dir, M. H. Burke
Brand mgr, A. Pasheluk
Media dir, Bill Sands
Agency: DFS, New York
Exec vp-mgmt dir, Thomas Bohan
Sr vp-mgmt supr, Gerald Darringer
Vp-acct supr, Virginia Reilly
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Vp-assoc media dir, Richard O'Gorman

196. BRIM coffee
General Foods

	media dollars	
	1982	1983
Magazines	$ 384,000	$ 1,149,000
Supps	228,000	24,000
Newspapers	97,000	234,000
Network tv	13,733,000	12,066,000
Spot tv	4,071,000	4,747,000
Network radio	—	—
Spot radio	225,000	—
Outdoor	—	—
Total	**$18,738,000**	**$18,220,000**

Classification: coffee (LNA F-171)
Marketing/brand management:
Vp-gen mgr, Steve Morris
Cat mgr, Charles Phillips
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Grp mgr, plng/res, J. L. Spaeth
Mgr, local media, R. C. Gillespie
Asst mgr, local media, L. F. Meyer
Mgrs, plng/buying: Brenda Jansen (network), Gary Gruneberg (print)
Media asst, Bobby Asano
Agency: Benton & Bowles, N.Y.
Vp-acct supr, Bob Gerdes
Sr vp-dir media mgmt, Phil Guarascio
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Brian Hughes

197. HARDEE'S restaurants
Imasco Ltd.

	media dollars	
	1982	1983
Magazines	$ 6,000	$ 12,000
Supps	—	—
Newspapers	—	—
Network tv	—	—
Spot tv	10,795,000	17,583,000
Network radio	—	—
Spot radio	—	—
Outdoor	390,000	574,000
Total	**$11,191,000**	**$18,169,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Dir of natl mktg, Tony Monzo
Agency: Benton & Bowles, N.Y.
Asst media dir, Joseph Lagani
Vp-acct supr, Frank Assuma

198. TEXIZE products
Morton-Thiokol

	media dollars	
	1982	1983
Magazines	$ 427,000	$ 132,000
Supps	—	—
Newspapers	42,000	446,000
Network tv	13,698,000	14,015,000
Spot tv	1,275,000	3,571,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$15,442,000**	**$18,164,000**

Classifications: cleaners (LNA H-430); disinfectants (LNA H-242); laundry preparations (LNA H-420)
Marketing/brand management:
Vp-mktg, George Mercer
Agency: Henderson Advertising, Greenville, SC
Vp-mgmt supr, G. Howard Clark
Sr vp-media dir, Bob Reuschle

199. PANASONIC products
Matsushita Electric

	media dollars	
	1982	1983
Magazines	$ 6,685,000	$ 7,542,000
Supps	71,000	71,000
Newspapers	537,000	1,142,000
Network tv	1,160,000	—
Spot tv	5,449,000	7,583,000
Network radio	—	—
Spot radio	1,316,000	1,678,000
Outdoor	204,000	134,000
Total	**$15,422,000**	**$18,150,000**

Classifications: small appliances and equipment (LNA H-220); office machines (LNA B-310); men's shavers (LNA D-126); home electronics (LNA H-310)
Marketing/brand management:
Adv gen mgrs: Frank Novak (industrial), Bob Greenberg (consumer)
Agency: Ted Bates, New York
Exec vp-acct mgmt, John Noakes
Vp-media dir, Nancy Clott

200. WEIGHT WATCHERS
H. J. Heinz

	media dollars	
	1982	1983
Magazines	$ 3,693,000	$ 3,805,000
Supps	67,000	133,000
Newspapers	642,000	459,000
Network tv	4,881,000	9,438,000
Spot tv	5,112,000	4,063,000
Network radio	—	—
Spot radio	41,000	149,000
Outdoor	4,000	63,000
Total	**$14,440,000**	**$18,110,000**

Classification: prepared foods (LNA F-120)
Marketing/brand management:
Vp-mktg N. A., Michael Kelly
Gen mktg mgr, Cathy Messinger
Agency: Doyle Dane Bernbach, N.Y.
Vp-acct supr, Mark Abrams
Assoc media dir, Dorothy Nicholls
Media plnr, Paul Sammon

costly endeavors. Reynolds will not back Doral with ads either, beyond some introductory newspaper and point-of-sale placements.

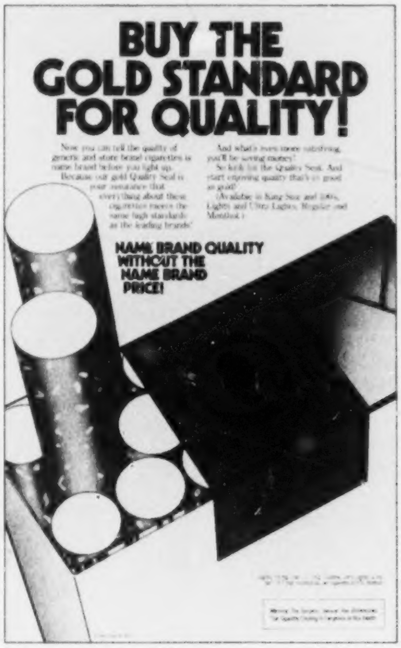
As to whether the category will continue to grow, Grant thinks it will, but hedges as to when it will occur. "Long term, I would say the potential is there for a 10% or better share, but I wouldn't want to bank on when it might happen." His optimistic feeling, or hope, is that "Doral will help to grow the overall business. Our view is that if we can get our fair share, their coming in is okay with us."

Philosophically, Grant is resigned to seeing even more competition come into the generic area. "I'm sure Brown & Williamson and Lorillard are looking at the category very carefully," allows Grant. "My only hangup," he says, "is that I wish my competitors had continued to have doubts about the category a little longer."

In another move to expand the price segment of the cigarette market, Liggett introduced Stride, selling for 10 cents a pack less than major brands. Advertising slogans for Stride are "Where taste runs rich," and "Rich taste at $1 less a carton. Advertising appears in the newsweeklies and selected women's and shelter magazines.

At Lorillard, Tom Mau wonders if whatever business might be picked up at the price end of the market justifies the degree of attention it takes away from marketing the company's flagship brands. And Mau clearly feels that in today's chaotic environment, taking care of the proven winners means a better return on investment than developing new, free-standing brands. "Obviously, it takes sales and marketing time and effort," he argues. "It takes time dealing with suppliers. You know, those things take away from your major piece of business."

And in addition to that, there's the matter of obtaining trial. If Lorillard were to launch a generic, the company would be introducing a new brand.



Now you can tell the quality of generic and store brand cigarettes is name brand before you light up.

Because our gold Quality Seal is your assurance that everything about these cigarettes meets the same high standards as the leading brands!

And what's even more satisfying, you'll be saving money!

So look for the Quality Seal. And start enjoying quality that's as good as gold!

(Available in King Size and 100's, Lights and Ultra Lights, Regular and Menthol.)

Liggett's generics come in many packings (below), which are advertised for the seal of quality.

Q
FILTER
FILTER
FILTER
FILTER
FILTER
FILTER
EPIC
EPIC
MENTHOL
MENTHOL
ULTRA LIGHTS
QUALITY
F&D
CFM
CFM

continued from page 175

And that, he stresses, has become very difficult. He notes that after the flurry of low-tar introductions in the late 1970's and early 1980's, introductions have slacked off to about two a year.

"It is more difficult to introduce a new product and I think there are a lot of reasons for that. One is, that there are already a lot of products in the marketplace (over 200 facings), a lot of choices for the consumer, at all levels of taste. So that helps make it more difficult to get someone to try a new product." Plus, he adds, with all the couponing, advertising, free packs and promotion that have become *de rigeur* for introductions, new launches have gotten "a lot more expensive. You can get trial, but it's more expensive."

Brand loyalty is a key factor in all this, Mau believes, and he cites a switching figure that correlates with the projected top-out level for generics. "The vast majority of the cigarette consumers are brand loyal," contends Mau. "Only somewhere around 10% of people switch brands annually. That's not a lot of people; it's not a big percent of the market. So, if you take into consideration brand loyalty, switching among brands, pricing, and the cost of entering the market," he ticks off, "to come out with something new and successful is difficult. If you look at new brands, whether it's ours or somebody else's, they haven't achieved the share levels that a new brand did in the mid-1970's."

Generics are a part of this industry. They are probably here to stay, at one level or another.

Using one of Lorillard's new entries, Satin, an upscale smoke targeted to women, as an example, Mau says, "Now Satin, that's our newest brand, started off very well. It got distribution, it got good sales. It hit a level, a plateau, and at one period in there, maybe late in the fall of '83, it started to take a little dip. And then we had a period of just turning off the market."

But he is finding that "in the last five or six weeks, the brand has started to show some increased movement. This is a longer tougher road and you've got to be more patient to reach the kind of share levels that you were able to reach quicker six or seven years ago."

Just what caused Satin to plateau is a puzzle to Mau and Lorillard. "We can't find anything to point to it. The awareness of the brand was very high. Trial was very good. The comments about the product are excellent. So, all I can say is that during the initial flurry, when you spend more money, you get a great deal of activity and trial. Then your spending and marketing activity slacken a little bit. You spend a lot of time and money in the first four or five months and you can't keep that kind of money and activity pressure up. So maybe it's just a function of that."

As for the rebound, Mau cited revived advertising and promotional activity. "We have resumed some advertising and changed the package, to make it more elegant." Satin got a richer looking gold seal and part of the package color was deepened to make it stand out. The ads still show a luxuriating woman, but this time, she's in more professional settings, and the background is a stark black frame. Mau

Smoke with a Spanish accent?

Segmenting in the cigarette business, pervasive as it is, has mostly moved along demographic rather than ethnic lines. But Liggett & Myers, running its own maverick course, is attempting to slice off a section of the market with brands positioned exclusively against Hispanics.

Liggett's sales and marketing vice president, Harold A. Grant, believes the company's two ethnic brands, Dorado and L&M Supers, will win a slice of that market.

Lorillard's Tom Mau believes the whole proposition is open to question. Grant reports that the two Liggett brands "are both doing very well. Dorado is testing in New Mexico and is looking like the best of the two. L&M is in Texas. We would only sell the smoke in markets where there is a large Hispanic population," Grant explains. "It wouldn't be a national cigarette.

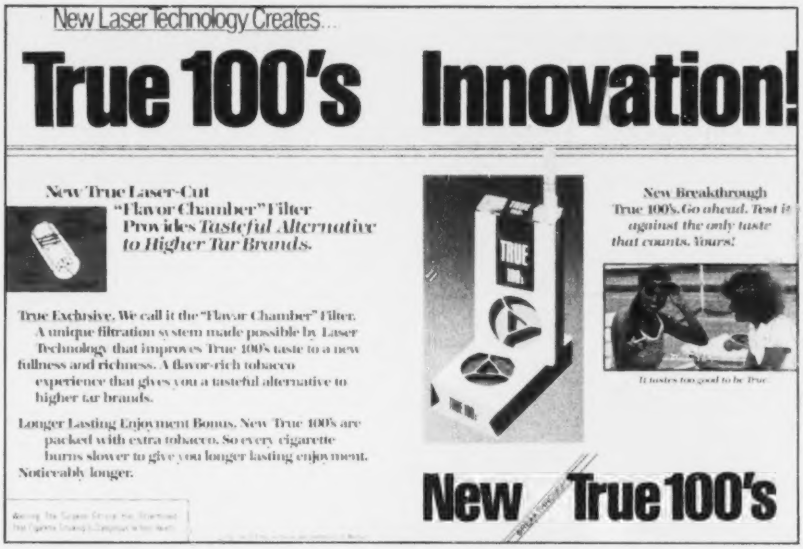
"Longer term, I'm sure that we are going to see a lot more segmentation of the market. You see it in private labels and generics. I believe it can make sense to look for niches that will give you five to 20% of the total market. That's what we're really going to focus in on."

Mau contends that the national brands are already available to all ethnic groups, and that bringing out one for a specific, narrow group is very costly and time consuming. He points out that one of Lorillard's brands, Newport, does very well with blacks although it is not touted as a black cigarette.

Says Mau: "Look at all the marketing elements involved in an ethnic cigarette, say to Hispanics. The bulk of Hispanics reside in five or six markets, comprising nearly 60% to 70% of the total community. So you wonder why can't I reach them with a specialized smoke? But you still need to make the same marketing effort and face the same problems you do with the introduction of a single national brand. And those markets have the same products that are available in the whole U.S. You can market those national products to appeal to ethnic backgrounds. We do that by using Spanish and black advertising.

"So you still have to make the same marketing effort. You still have to advertise, still have to write copy for product, and have to give a reason for Hispanic smokers to switch from the product they've been using for years.

"You can often be fooled by what appeared to be some very easy configurations of marketing elements, but you've still got to solve the other tough ones."



New Laser Technology Creates...

True 100's Innovation!

New True Laser-Cut "Flavor Chamber" Filter Provides *Tasteful Alternative to Higher Tar Brands.*

True Exclusive. We call it the "Flavor Chamber" Filter. A unique filtration system made possible by Laser Technology that improves True 100's taste to a new fullness and richness. A flavor-rich tobacco experience that gives you a tasteful alternative to higher tar brands.

Longer Lasting Enjoyment Bonus. New True 100's are packed with extra tobacco. So every cigarette burns slower to give you longer lasting enjoyment. Noticeably longer.

New Breakthrough True 100's. *Go ahead. Test it against the only taste that counts. Yours!*

It tastes too good to be True.

New True 100's

Lorillard goes for nuances of appeal in its print ads for low-tar True, and its newest brand, Satin, positioned against contemporary women.

The Satin woman has great taste.

Satin
Satin
Satin Filter Tip
Satin Filter Tip

notes that "we didn't change the media strategy. We thought what we originally did was terrific. Obviously, the magazine list leans heavily towards females — Satin is in everything from *Better Homes and Gardens* to *Vogue* and *Harpers*, — even *Time*, because they've got a readership that is 40% women." But, he laughs, "we didn't buy every book in every category. That's beyond our marketing resources."

While getting new brands established is important, Mau acknowledges that maintaining existing brands is critical. Mau cites a new program for True, the company's premiere low-tar brand, which has been suffering from gradual share erosion. Mau comments that heavy promotional activity, plus the introduction of Barclay and Winston Ultra, put increased pressure on the brand. "True's share was either flat or down," recalls Mau. "So we ran the 'you found it' campaign, which did a very good job of building some awareness for the brand. That different approach tried to break it away from the crowded ultra-light types. And while we were doing that, we were continually looking at the product. Where could we improve it? How could we give an additional reason for somebody to try it?

The vast majority of cigarette smokers are brand loyal. Only around 10% of people switch brands annually.

"During that whole process, we decided we could improve the taste of the product without altering the level of the tar count. Manufacturing came up with a way of doing this through laser technology." (The laser is able to punch smaller and more precise holes in the filter than a machine could, for more uniform filteration.)

Therefore, Lorillard this month is announcing a new improved True with a "unique, laser-cut filter." A new advertising campaign contains diagrams of the new filter and explains its benefits with, what for cigarette advertising, is long copy.

While a plateauing or slumping brand may get extra attention, brands that are moving well need attention too, Mau notes. Newport, which has enjoyed the best brand growth record in the industry over the past year, gets an added push this month with the use of Day-Glo orange in magazine ads.

Mau believes this use of Day-Glo in magazines is a first for the cigarette industry.

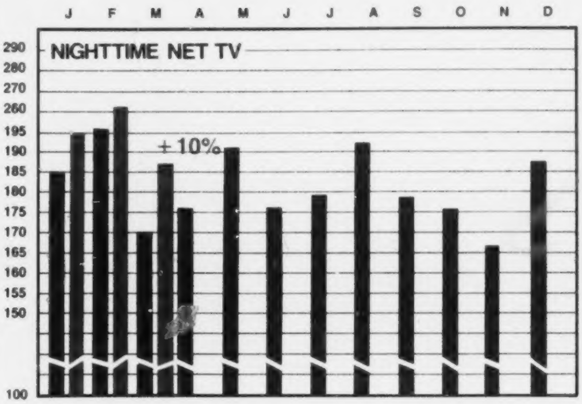
Mau candidly admits that real breakthroughs in cigarette advertising are few and far between. "I consistently characterize this business as one of nuances," he confides. "On a day-to-day basis, you try to find something a little bit different, whether it's a little bit of something different on your package or taking extra care with the photography that you do, it's paying attention to detail and finding some little nuances."

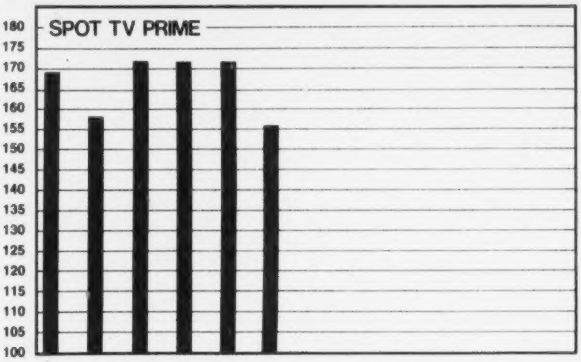
But ultimately, Mau pegs success to a careful watch on consumer tastes. "As tastes change in whatever category — in cereals you may go to granolas, or in cigarettes you may go to milder, or to full-flavor cigarettes — you've got to pay attention to what the consumer wants in the marketplace and meet those needs."

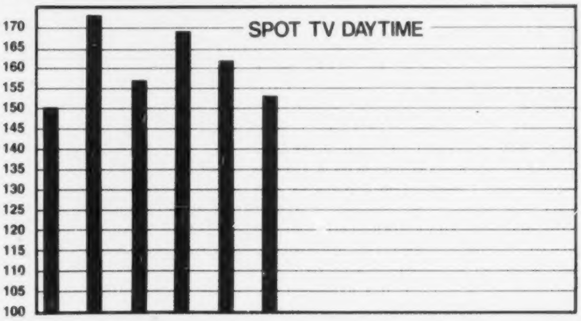
Fred Gardner

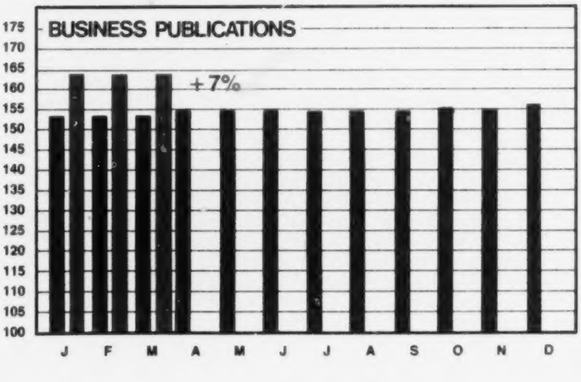
MEDIA COST INDEX

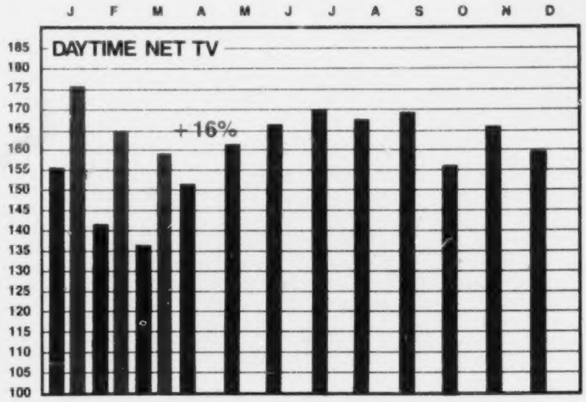
Black bars index for 1983; color bars 1984; base year 1977











March was a month of relative calm — no great surprises in media cost trends compared with the year-ago month. With one exception, the media represented in this analysis showed the same percentage change as reported last month. The one exception was no surprise — **nighttime network tv.**

Settling down after the up-pressure of the Olympics (+34%), this element shows a 10% increase over March 1983 and an upward move from the 5% reported in the January over January report.

Daytime network tv held at +16%. **Network radio,** for the third month running, was down from the same months in 1983. March came in at −1%.

The print media reported increases as follows: **magazines** — +8%; **newspapers** — +9%; **outdoor** — +10%; **supplements** — +22%, and **business papers** — +7%. In absolute numbers, there was a slight increase in magazines and newspapers; the repeated relative changes were a result of rounding.

For too long a time this cost analysis has been lacking trend data on spot broadcast — both television and radio. It now appears that, with the cooperation of Radio Expenditure Reports and the major radio representatives, we will again be reporting spot radio trends. Efforts to come up with data on which we can base a spot tv index are still being continued.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly ccst trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

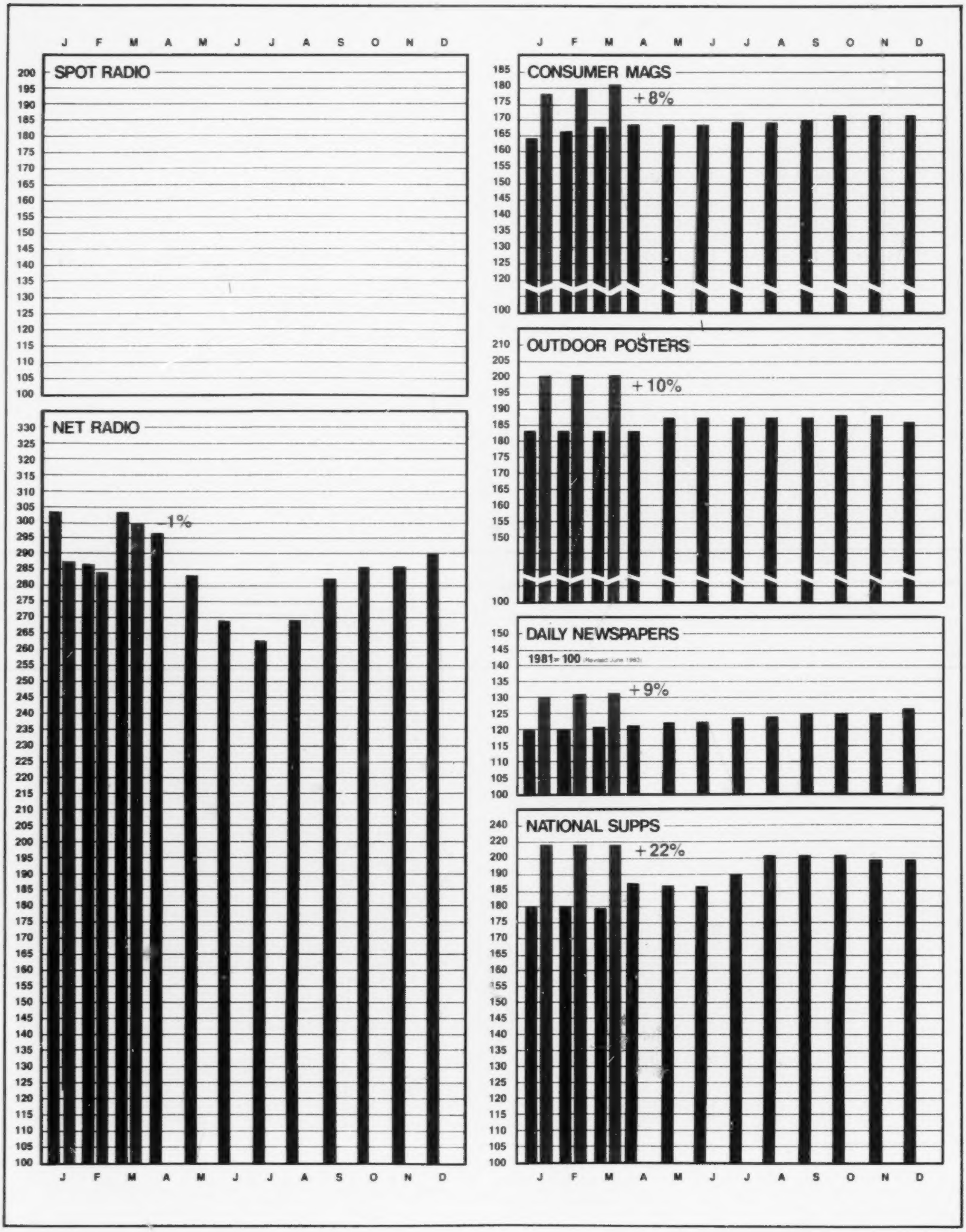
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



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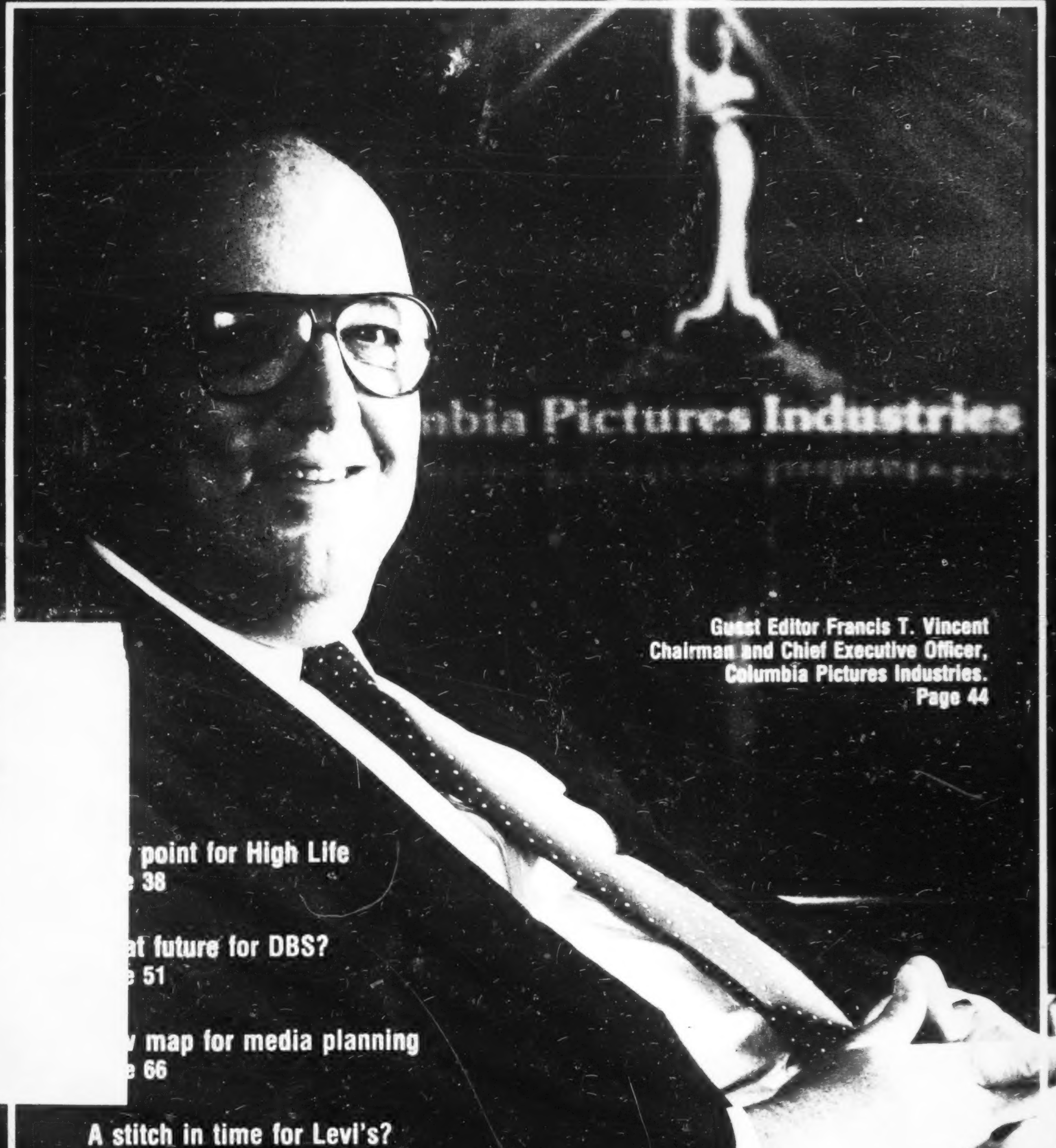

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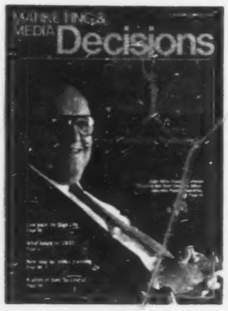

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Geodemographics is being combined with audience research data to provide a new microcomputer base for media planning. But agencies are skeptical.

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High Life

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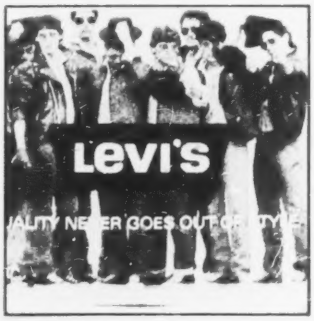
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FUTURES

Sales of micros spurring aftermarket

The $4.7 billion worth of microcomputers sold to the home and business market in 1983 generated sales of $8.6 billion in products and services, according to the Business Communications Co., a Stamford, Conn. research firm. The study predicts that the $1.76 in sales generated with every dollar sale in the microcomputer market will continue to increase — to $2.82 by 1989, or a $53.9 billion aftermarket.

The most attractive aftermarket continues to be software — a market characterized by ease of entry. Software sales (not including games) accounted for $2.7 billion for $4.7 billion worth of microcomputers. The software market is still highly fragmented and in flux — easy entry, cautions the study, most often connotes easy exit. It is nevertheless expected to account for $23.5 billion in sales by 1989. Other promising components of the aftermarket include communications products (software specifically for communications applications) which are expected to grow at a 41% rate, from a 1983 total of $393 million to $3.1 billion by 1989. Service and supplies, two often overlooked aspects of computerization, are also expected to show promising growth: $1.3 billion spent in maintenance in 1983 will rise to nearly $10 billion within the next five years, as will the $1.5 billion in supplies. The only area BCC perceives in less optimistic terms is printer accessories, an area of peripherals the study predicts will be replaced by other technologies — paper feeders and spools that will be regular features of all disk systems.

Cautioning that the acceleration rate of penetration seems high, the study predicts a base value of hardware totalling $19 billion within five years (not including those machines in the home used exclusively for games), an annual growth rate of 20% that will spur total sales in the microcomputer market to $73 million.

Peering at an aging America: the market for eyewear

As the average age rises to 31, from 29 just a few years ago, and an increasing proportion of the population becomes aged, the market for health and medical products and services has been growing. One overlooked consequence of greying America is the growing dependence on eyewear — contact lenses and glasses. A recent study by R.H. Bruskin, the New Brunswick,New Jersey-based market research firm, shows that almost two-thirds of American adults currently wear eyeglasses, and another 9% wear contact lenses. The study is based on 1,000 interviews with men and women over 18. Not surprisingly, the highest usage is in the so-called grey market, among those adults over 50 years old (93%). Curiously, higher incidences of eyeglass wearing coincide with lower incomes. Among the respondents with annual incomes under $15,000, 72% wear glasses, 38% all of the time, whereas only 63% of the respondents with higher incomes wear glasses. Fewer respondents in that income bracket (-$15,000) do not use eyeglasses at all, than in higher income brackets: 28% compared with an average 37%. The second highest dependence on eyewear is among those with incomes +$40,000 (69%). The North Central region shows the highest concentration of eyeglass users, 71% compared with 65% in the Northeast, 62% in the South, and 60% in the West.

The data on contact lens usage, almost the perfect inverse of eyeglass usage profiles, indicates that contacts are favored among the younger and more affluent. Women are the predominant users (11% of female respondents, compared with 7% among men), and overall usage skews younger (14% are under 35, 9% between 35 and 49, 4% over 50). The demographic data indicates that contact wearers are successful: 17% earn incomes between $30,000 and $40,000 (11% in the +$40,000 bracket and an average of 7.5% in the −$30,000 range). The North Central region, once again, shows the greatest concentration (11% compared with an average 9% throughout the country). The study points out that the number of users in this segment is likely to increase, since about 30% of those currently wearing eyeglasses, between the ages of 18 and 34, have considered wearing contacts.

Contact Lens Usage

(By U.S. Adults)

	Wear Lenses
TOTAL	**9%**
SEX:	
MALE	7%
FEMALE	11%
AGE:	
18-24	13%
25-34	14%
35-49	9%
50-64	4%
65 & OVER	3%
YEARLY INCOME:	
UNDER $15,000	6%
$15-19,999	7%
$20-29,999	9%
$30-39,999	17%
$40,000 & OVER	11%
REGION:	
NORTHEAST	9%
NORTH CENTRAL	11%
SOUTH	8%
WEST	9%

Source: R. H. Bruskin

Cable's troubles pale next to DBS and MDS

ICR's recent scaleback by 48% of its basic cable subscriber growth projections for 1984 didn't fluster ad agencies. What did cause feathers to ruffle was ICR's claim that DBS and MDS will complicate cable's life. Agencies and cable industry analysts see the new technologies as problem-ridden with limited future potential.

When Titsch Communications' subsidiary ICR recently cut back its 1984 basic cable subscriber growth projection by a whopping 48%, the sharp revision might have been expected to set off a few alarms. After all, ICR studies have normally taken a bullish attitude toward cable's future. But the report drew a surprisingly minimal reaction from the advertising community. Although many agencies agreed with ICR's conclusion that franchising difficulties are slowing cable's progress, most proclaim that these problems are on their way to resolution, in any case. "The readjustments are short-term aberrations," says Jay James, senior vice president, video technology at Doyle Dane Bernbach, which will book an estimated $14 million in cable billings for 1984. "There's a danger to overreacting," he argues. "Even at 40% penetration, cable is a viable business. We don't see enough evidence to change our projections."

Well, watch out, says ICR. In addition to franchising delays, ICR claims the advent of DBS and MDS will complicate cable's life. It is on this point that cable industry analysts most vehemently disagree with ICR's findings. While a business does exist for DBS and MDS they say, it is but a limited one, and one fraught with marketing, technical and financial problems. Indeed, the recent pullout of CBS from its DBS association with COMSAT subsidiary Satellite Television Corp. and Western Union Corporation's abandonment of its four satellites-launch plan is witness to that. Both companies cited too many uncertainties connected with DBS as its reason for exiting the industry.

On the other hand, if a powerful team bands together, the possibility does exist for DBS to gain more than a toe-hold. For example, if rumor proves correct, and *HBO*, *CNN*, *ESPN* and *MTV* come together in some kind of DBS partnership, the fledgling industry could be given a tremendous shot in the arm.

But assessing what is really going on in the cable sphere today and the chances of alternative technologies' success, is akin to walking crates of eggs down a road strewn with banana peels. The situation is extremely fluid and often varies according to what

Defining The Technologies

DBS: Direct broadcast satellite involves the relay of video programing to a home earth station via satellite. This method requires the subscriber to purchase for $300-400 or rent for $150 receiving equipment (dish). In addition, the consumer pays a monthly fee of $24 to $35 for a variety of program services, including premium subscription programing; pay per view, addressibility and nonentertainment programing; voice and digital networking.

MDS: Multi-point distribution service is distributed by microwave to STV (subscription television, a broadcast version of pay cable with only one channel) with a more limited geographic range of only 25 miles. This "wire-less cable" service operates in the superhigh frequency broadcast band and is omnidirectional. MDS carries such pay programing as *HBO* and *Showtime* and is significantly hindered by reception problems either natural or man-made. The cost of MDS installation for the subscriber is $150 at the low end, plus $30 a month charge for three basic and two pay services.

Multichannel Microwave (Multichannel MDS): The FCC recently authorized the use of terrestrial microwave multipoint distribution systems for transmission of multiple channels of video programing. By September 1983 the FCC had received more than 15,000 applicants for operation of multichannel MDS which now represent the chief bureacratic hurdle to widespread establishment of this next phase of MDS.

Betsy Frank, vp media research DFS

kinds of methodologies are being used to approximate growth. For instance, ICR's current projections are based on its files and its research data base Cablefile, combined with reviews of non-estimated census figures from each of the approximately 6,000 cable systems nationwide. Throughout 1983, ICR expected basic subscriber levels to reach 35,448,000 by 1984. This would have been a 48% increase from year earlier growth projections. In fact, say the new tallies, sub-levels will only hit 32,994,000. ICR also downscaled its 1990 projections, from an anticipated 58,900,000 subscribers to a low 50,706,000 basic subs. However, ICR does not take into account theft of service and that discrepancy could account for a 7-10% variance in the numbers, say many experts. "Up to 15%," claims Ron Kaatz, senior vice president and director of J. Walter Thompson's (estimated 1984 billings: $20 million) media resource and research. "The problem is in what ICR is referring to. What they are not taking into consideration like theft of service could mean the difference of 10-15% in the tally," he says. Ted Bates (estimated 1984 billings: $8.2 million) vp/associate director of media information and analysis Barry Kaplan agrees. "Not figuring in theft, particularly in urban areas, could account for a 10-20% discrepancy," he claims. Theft of service involves convertor box tampering or "pole-climbing," hooking up illegally to outdoor cable trunk lines.

Franchising in the Top 15 Markets

Rank	Market	Status
1.	New York	Manhattan—2-OP; outer boroughs 8-FG
2.	Los Angeles	divided into 14 areas (A-n); 10-OP, 2-UC, 2-FG.
3.	Chicago	divided into five areas; Area I FP Areas II, III, IV, V FG
4.	Philadelphia	divided into N,S, E,W-RP, additional area in S-OP
5.	San Francisco	OP (system to be upgraded).
6.	Boston	OP
7.	Detroit	FG
8.	Washington, D.C.	FP
9.	Cleveland	BP
10.	Dallas/Ft. Worth	Two systems-OP
11.	Houston	Two systems-OP
12.	Pittsburgh	OP
13.	Miami	OP
14.	Seattle/Tacoma	divided into five parts (4-OP), (1-BP); Tacoma-OP
15.	Minneapolis/ St. Paul	OP/FG

Legend

OP—operational.
UC—under construction.
FG—preliminary franchise award.
FP—franchise pending.
RP—request for proposal issued.
BP—beginning process.

Source: Titsch Communications Inc., May 1984

Nevertheless, ICR's finding may be getting some buttressing. Last year, Paul Kagan Associates expected 1984 subscriber counts to reach 34,920,000 and by 1990, 56,760,000. But sources say his latest ten year cable tv industry projections, due out this fall, are expected to reflect a decreased subscribership base.

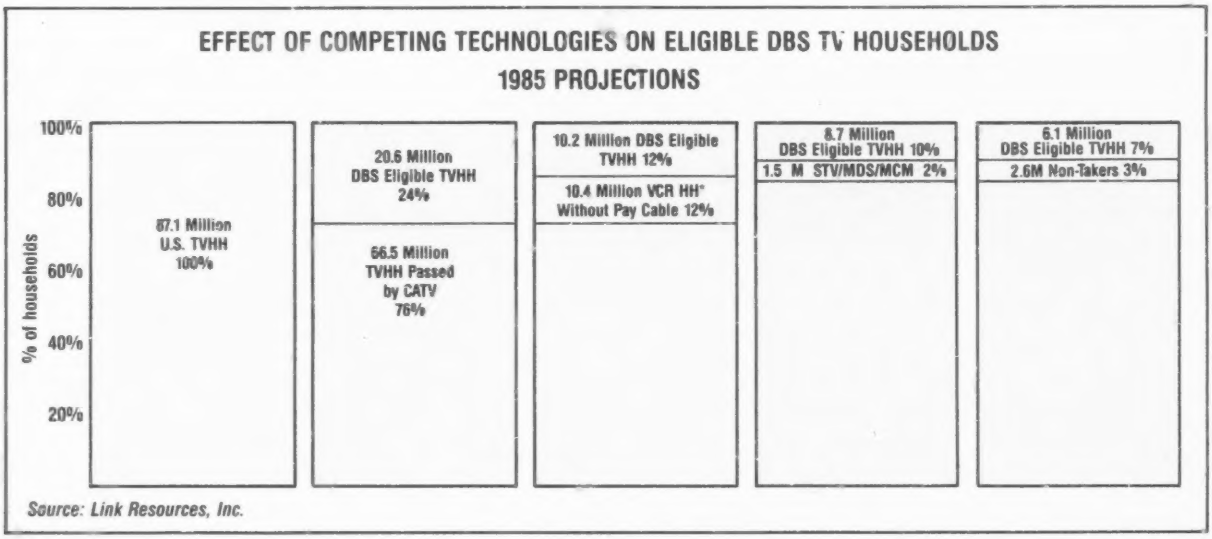
Depending on the source, the range of current cable penetration levels varies. ICR comes in at the low end, pegging current basic penetration levels at 36.7%; Kagan says it's 38%; Arbitron logs in at 40%; and Nielsen holds at 42.5%.

Whatever the nuances in projections, the consensus among media analysts and ad agencies is that the protracted franchising process, rather than massive dissatisfaction with cable, is slowing subscriber growth. (ICR also reviewed pay cable which showed severe stress from delayed construction, piracy, poor marketing, and dissatisfaction with programing.)

Indeed, franchising is taking its toll. A majority of the top 10 markets which expected to be on-line by the end of 1983 have had to revise their construction forecasts and request extensions due to faltering or delayed city council decisions. In Sacramento, Calif., for example, the principal issue which led to the final breakdown of negotiations over cable installation was the city and county's insistence on a complex liability clause which United-Tribune, the franchisee, could not meet. The bidding is open again. Baltimore has been locked in a stalemate since its city council rejected the Board of Estimates recommendation to award the franchise to a local independent, Caltec, on the grounds that the company's technical and financial capabilities were questionable. With a mayoral election only a few months away, the award of that franchise may be postponed until midwinter.

City council wavering has exacerbated an already uncomfortable condition in the cable industry: the cost of new builds (depreciation) and high operating costs (programing and marketing) have sliced profit margins by one third for the typical cable and pay tv company over the five year period ending in 1982, according to analysts at the New York City investment banking firm Veronis, Suhler and Associates. Cable companies' average pre-tax profit margin was 16% in 1982, down from 24% in 1978.

Not all the franchising news is grim, however. Most of the suburban areas are cabled, and the big cities are on their way to franchise resolution. After four years of negotiations, New York City recently contracted with six cable companies to wire the four outer boroughs, which have been divided up into eight franchises. The 165,000-home East San Fernando Valley (LA) franchise, also under negotiation for four years, was recently awarded to United Cable, while ACCESS, a community cable entertainment service, won the bid for the 190,000-home South Central LA area in October.


EFFECT OF COMPETING TECHNOLOGIES ON ELIGIBLE DBS TV HOUSEHOLDS
1985 PROJECTIONS

Source: Link Resources, Inc.

Foreseeing the franchising situation stabilizing, ad agencies are confident of their own projections and sanguine about cable's potential. "Cable involvement for us is a here and now business," states Dancer Fitzgerald Sample's (estimated 1984 cable billing: $15 million) director of electronic media, Beverly O'Malley. "Projections don't heavily impact us. We see cable as viable at 60% by 1990, our projection — or even at the current 42%." Agreeing with her is Young and Rubicam's (estimated 1984 cable billings: $38 million) vice president and group supervisor for cable, Ira Tumpowsky, who sees cable on a steady maturation path. "Cable is growing up," asserts Tumpowsky. "When penetration reaches 50% in 18 months, then advertisers will be willing to invest."

Steve Fajen, senior vice president and media director for Compton, views cable as a settling, maturing business inhibited by the advent of new technologies which will reach significant visibility by 1990. He conservatively estimates cable penetration at 53% by 1990. "An exponential growth of cable will be hampered by the introduction of new technologies that could serve the public in a more favorable way," he claims.

That view is echoed by ICR, which claims that loopholes created by franchising delays will provide a niche for DBS and MDS. "The longer the delays, the more time people will have to get used to those alternative delivery systems," says ICR's senior market analyst Ted Klenske. "What we are going to see is DBS and MDS taking advantage of the window of opportunity created by franchising delays."

Although both those technologies are limited in the number of services they can offer, delivery of key program segments such as sports, children's programing, movies, and news will give DBS and MDS "the opportunity to skim the cream off the top of the cable market," believes ICR's director of operations, Brian Finch.

But these contentions are questioned by others in the media field. They point out that it will hardly be smooth sailing for the new technologies, particularly DBS, if the experience of United Satellite Communications Inc. is any indication of what those kinds of operations are up against. Many industry analysts feel that USCI, the only player in the DBS field, cannot survive in its present financial condition. Operating in a highly capital intensive scenario, USCI is said to be in desperate need of an additional $75-100 million. Although Nathaniel Kwit, USCI president and ceo, claims to have orders bottlenecked in the thousands, according to a recent *City Business* interview, insiders say the operation is hurting. A $40 million private placement deal handled by Salomon Brothers and Morgan Stanley recently fell through, as did a deal rumored to have been with GE. The company is in active discussion with GTE and Prudential Insurance Company, its original equity investor. But the Pru appears nervous about pumping life into what Cranlin and Company analyst and director of corporate finance, Tony Hoffman, terms "a twitching corpse."

USCI entered DBS in 1983 with $45 million from Prudential (for a 52% interest); $10 million from General Instrument (for a 12% share), and several million from shopping mall tycoon Francesco Galesi. The company's first mistake, say analysts, was in launching in an already cabled area — Indianapolis. But in the Baltimore, Washington D.C. DMA, still in the throes of cable franchising, USCI was able to sign up 10,000 subscribers. For an equipment deposit of $150 plus a monthly fee of $35, USCI offers viewers five channels of programing: *Movie*

Continued on page 82

GEODEMOGRAPHICS

data on smaller geographic units, the census tract block.

Once again, PRIZM's Robin Page brushes off this kind of criticism. "There are people who see the doughnut and people who see the hole," he says airily. "She's one who sees the hole." Page argues that PRIZM is the first segmentation system that represents a universal data/media interlock. "Every accessible piece of marketing data is attached to a ZIP code," he says. "The arguments against it are specious. It's a matter of degree."

Bob Warrens, vice president media research director, J. Walter Thompson, U.S. Media, grants a degree of validity to geodemographics but questions its application to media buying. "There is some validity in Product Target Aid from Arbitron," he says. "Some kinds of programs have more selectivity than others, but there aren't a lot of programs that have a definite skew. In the reality of making a media buy, there is what the station will sell and what the advertiser will pay. You just can't go in and cherry pick a station's schedule. Those programs which show a high degree of desirability among marketers will be expensive.

"In a scatter buy, you don't get as much selectivity but you get greater cost efficiency. The question is whether the degree of skew in audience is worth the premium price you would need to pay for a slot in that selective program."

Warrens also wonders about the age of the data on which cluster research is based, and the long-term validity of area definitions considering how mobile the U.S. population is. "The key to geodemographics is how well any of the services can update their data, starting from the census point. Also, they must redefine their geographic boundaries. ZIP code areas are changing all the time."

While there is a lot of apparent promise in wedding geodemographics and various other data bases, questions of validity persist. Pragmatism rather than theoretical debate will probably determine just how useful a tool in marketing and media planning this combined method becomes.

Fred Gardner

CABLE'S TROUBLES:

continued from page 58

Time, which is all movies; Movies and specials from major suppliers without the exclusivity requisite of *HBO* and *Showtime; ESPN;* a 24-hour Music Video Channel; and a classic tv channel with six hours of kid's shows.

Hoping for financial salvation, USCI is still planning a national rollout for late fall. However, analysts are skeptical. They say USCI is riddled with management, marketing and technical problems which money alone cannot solve. The high initial upfront costs to the consumer, $395 to buy the receiving equipment plus $24.95 monthly service charges, are deterring mass subscribership, claims Hoffman. Then too, the difficulties in attaining licensing approval for program delivery via satellite are further aggravating USCI.

ICR CABLE INDUSTRY GROWTH

Revised Estimates as of March 30, 1984

YEAR	BASIC SUBSCRIBERS	% OF TVHH
1990E	50,706,000	54
1989E	48,256,000	52
1988E	45,500,000	50
1987E	41,971,000	47
1986E	39,510,000	45
1985E	36,120,000	42
1984E	32,994,000	39

ICR CABLE INDUSTRY GROWTH

As Projected Dec. 31, 1983

YEAR	BASIC SUBSCRIBERS	% OF TVHH
1990E	58,900,000	62
1989E	54,988,000	59
1988E	52,098,000	57
1987E	49,280,000	55
1986E	45,656,000	52
1985E	40,467,000	47
1984E	35,448,000	42

Source: CableProFile Data Base, International Communications Research

Satellite Television Corp. (STC), which is planning a launch of its five-channel service this fall, is in the lurch now that CBS withdrew its reported $70-80 million from the partnership on June 29. That leaves the COMSAT subsidiary with no major partner to offset the $600-800 million walk-in costs for a DBS operation.

With their future murky in that venture, STC, along with six other companies, are also applying for high-power satellite distribution. High power advocates say their economics will attract mass subscribership, i.e., smaller dishes will translate into lower customer outlays. Publishing tycoon Rupert Murdoch, who was expected to launch his low-power Skyband service by year end, has withdrawn from that launch date and is switching to a high-power distribution. Full-power licensees are concerned that low-power stations will absorb their market before they launch. Low-power proponents say that is exactly their intent. David Lamb, an associate with Veronis Suhler, comments on this pervasive anxiety. "The primary motivation for the early entry of low-powered companies does not speak well of the market for DBS. The thinking is that the first companies to launch DBS will preempt the market for the other companies. The implication of companies rushing for early entry is that there is a finite market and a limited window of opportunity in the DBS business." Lamb adds, "It does not augur well that a nascent industry saddled with extreme capital costs should be so anxious about its market."

The most promising DBS plan is still under covers. *HBO, ESPN, CNN* and *MTV* are reportedly talking about a DBS service ancilliary to cable. With their satellite uplinks in place and extensive programing resources, that group could pull together a successful DBS operation, say industry insiders.

What is attractive is the possibility of using DBS to reach those 15-20 million households left uncabled by 1990. But there is disagreement as to what chunk of that market DBS can conquer. Frost and Sullivan, the research firm, raised eyebrows with its forecast for 48 million customers by 1994 for what they term "a multibillion dollar DBS business." The firm expects that a wide range of DBS programing, and the ease with which the customer can purchase equipment, will attract a mass audience. Their report concludes: "DBS will take a sufficient chunk out of cable. Future cable growth may even be siphoned off to DBS."

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CABLE'S TROUBLES:

continued from page 82

That contention is scoffed at by most analysts and ad agencies. If DBS were to achieve viability, they say, there is an upper limit to its market penetration. Even ICR agrees that DBS and MDS's impact on cable will be tempered by their programing limitations and financial problems (as in the case of DBS) and geographic constraints (for MDS). "Certainly DBS and MDS can skim off some important customers from unwired areas, principally in rural markets," says ICR's Klenske. "But it will be a tough fight to significantly injure wired cable areas. Cable is still the most attractive premium programing service."

Ellen Gibbs, president of the New York consulting firm, Communications Resources, Inc., also observes, "Those uncabled households will be enough to create a viable business for one operator. But that will not be enough to cause any meaningful change in the already fragmented over-the-air viewing. In head-to-head competition with cable, DBS will be at a disadvantage in terms of program choice and availability."

The effect of competing technologies vying for those uncabled markets is not to be underestimated. That competitive factor is hinted at in Link Resources' projections for the 1985 DBS market (see chart). Clearly, the proliferation of VCRs, headed from a current 11% penetration to a projected 40% penetration by 1990, will severely impinge on DBS and MDS market thrust, says the research group. Factoring out STV, MDS, and Multichannel MDS (MCM), Link places 1985 DBS penetration at 7%. That figure, say most ad agencies, is overly optimistic.

Ad agencies, while generally agreeing on the limitations of DBS and MDS, are still keeping an exploratory eye on the developments. Y&R's Tumpowsky observes, "There could be a nice DBS business built even on a 4% penetration." Y&R pegs combined STV and MDS penetration by 1990 at 3-4% as well. "None of these will compete with cable," notes Tumpowsky, "but they will have a place as a supplementary delivery method."

Ted Bates' Kaplan, and DFS's vice president of media research, Betsy Frank, concur that DBS will never be a major force for cable to contend with. DDB's Jay James is also dubious of the future of DBS. "On a price value comparison and considering the number of channels available, interest is heavily weighted in the direction of cable; cable has it all over DBS.

NUMBERS METHOD

ICR: ICR bases its research on a continuous census of the approximately 6,000 cable operators nationwide in addition to field research and analytical reports supporting its parent company's Titsch Communications magazine, *Cablevision*, and its computerized data base Cablefile. ICR interviews the top 1,500 systems four times a year; the remaining systems twice a year.

Paul Kagan Associates: PKA is the industry's only system-by-system head count as of a single date published on a continuous basis since 1975.

A.C. Nielsen: Nielsen garners its statistics from cable subscriber information obtained during diary placement telephone interviews for the current measurement period (a Nielsen exclusive). It also counts cable households provided by cable system data, or other industry sources. In addition, Nielsen tabulates cable penetration from its Station Index in-tab sample households for all past market survey periods.

Arbitron: Arbitron utilizes diary-based calculations of several hundred thousand households and also past market surveys from 1983.

That view is substantiated by the author of the National Cable Television Association (NCTA)-commissioned report on competing technologies. Jack Pottle, director of Browne, Bortz and Coddington, predicted between three million to five million DBS subscribers by 1990; and only two to three million for MDS, making the latter "not viable long term," he says. "Despite the distinct advantage of early market entry, DBS and MDS will not severely damage cable."

Y&R's Tumpowsky and J. Walter Thompson's (estimated 1984 cable billings: $20 million) Norm Varney, senior vice president, both are eyeing MDS as a cheaper and more feasible short-term delivery mode than DBS. Indeed, many analysts give MDS a better shot as an interim measure in uncabled urban markets or those areas within a 25 mile radius of a major city. International Resources Development senior analyst, Joan de Regt, claims "MDS appears more feasible economically than DBS or even cable in terms of quickly setting up a system in concentrated areas, despite its limited broadcast parameters."

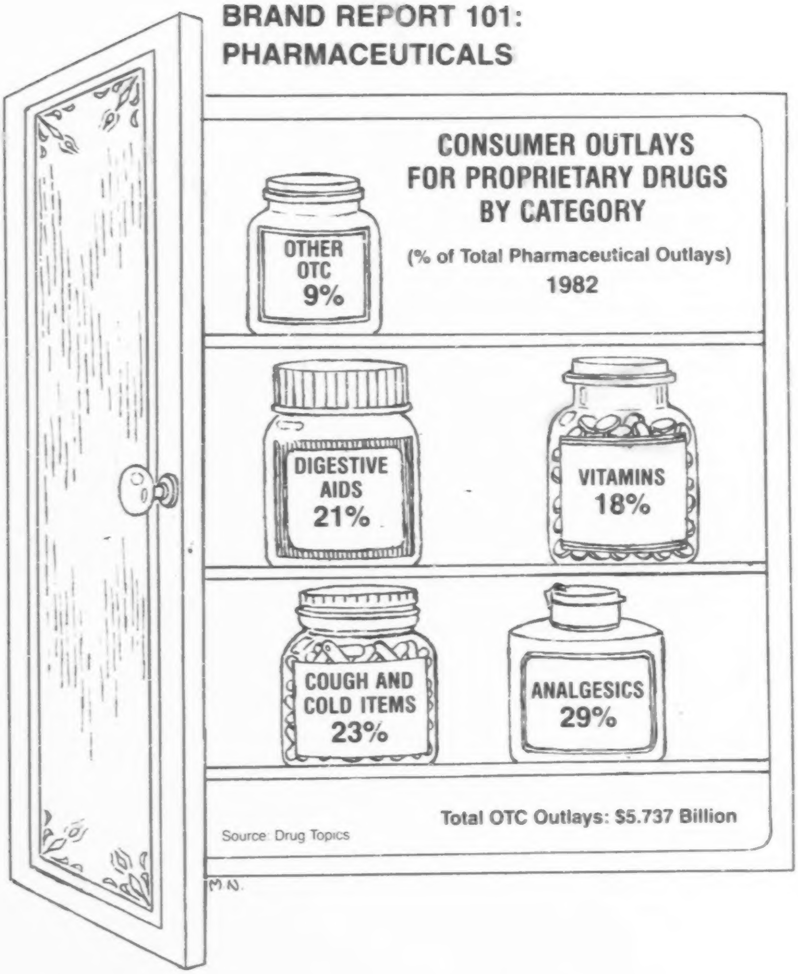
Jane Henry, senior consultant with the telecommunications firm, Communications Studies and Planning International, agrees. "MDS, with a projected six to seven million subscribers, may be the most successful of the new services to be launched. It will be very cheap and can be priced to the consumer much lower than DBS."

The MDS technology did receive a boost earlier this year when the FCC authorized delivery of a multi-channel MDS service. The petition prompting this grant of authority was filed by CBS Inc., which proposes to establish a multi-channel MDS system in five of the largest media markets where it owns and operates local affiliate stations. These systems are slated to join the 100 plus MDS systems currently serving 750,000 subscribers primarily in concentrated urban dwellings.

Still, the ultimate barometer will be the demographics of the cable/DBS/MDS market, and, by tallies, viewers are quite sophisticated. Whether cable comes first or last, the key issue will be how many channels is enough, claims ELRA research group vice president, Dr. Robert La Rose. "If five or seven channels is enough, then multichannel MDS or DBS will be a viable competitor with cable. But our research shows there are some 70 different types of cable services now available — an exciting prospect for consumers. If consumers are given a choice between DBS and MDS programing and cable, cable will be a very effective competitor."

Judith Reitman

BRAND REPORT 101: PHARMACEUTICALS



New products jumble over-the-counter market

A new drug rocks the non-prescription pharmaceutical industry, and is expected to catalyze changes throughout the market. The outlook points to sky-high marketing budgets and shaky holds on share.

The big news is that the pharmaceutical companies have found a remedy for their headache and it's called ibuprofen, the first new over-the-counter (OTC) pain relief drug in 30 years. Ibuprofen's move from prescription into OTC isn't a run of the mill introduction. It's a miracle cure for a segment that has been growing in dollar volume but stagnating in unit sales: the $1.4 billion analgesic category has grown less than 2% (in dollars, not units) over the past two years. Ibuprofen will be jostling for shelf space against aspirin (in brands such as Bayer and Anacin), and acetaminophen, found in Tylenol. But the drug marketers aren't only hoping to wrench share from the established pain relievers. They are banking heavily that the new users will expand the segment, by as much as 50% within five years. Already, the drug is being touted as 'the new Tylenol.'

$ (in 000)/ANALGESICS

Company/brand	Total	Mags	Supps	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Newsp.
Bristol-Myers									
Bufferin	$15,799.1	$2,912.	$364.8	$10,972.8	$1,229.6	—	$ .6	—	$319.3
Datril	17,134.6	270.2	—	15,771.9	828.1	$ 97.2	—	—	167.2
Excedrin	11,794.	1,225.6	136.2	9,828.5	545.4	—	58.3	—	—
American Home Products									
Anacin	25,373.8	1,942.3	463.7	19,788.3	2,442.7	693.3	—	—	43.5
Anacin-3	30,120.3	1,326.6	—	25,685.4	1,748.9	1359.4	—	—	—
Johnson & Johnson									
Tylenol	50,838.9	3,624.6	—	43,379.9	3,047.5	754.6	—	—	32.3
Sterling Drug									
Bayer	19,326.7	1,305.7	130.2	14,779.2	2,983.7	—	103.4	$14.1	10.4
Panadol	12,919.2	450.2	115.1	10,483.0	1,176.8	—	683.6	—	10.5

But not everyone shares the formula for success — not yet, anyway. British pharmaceutical company Boots, which markets a prescription version under the name Rufen, holds the patent until May 1985. Boots has licensed the drug for OTC sale to American Home Products' Whitehall Labs division, while another Boots licensee, Upjohn Company, which manufactures prescription ibuprofen under the brand name Motrin, has a distribution agreement with Bristol-Myers. This leaves the other major analgesic manufacturers, Sterling Drug and Johnson & Johnson, out in the cold — until the patent expires, at which time generic manufacturers are free to leap in as well. The pressure is on for American Home's Advil and Bristol-Myers Nuprin to build shares at the expense of aspirin, acetaminophen, and the $250 million prescription market for ibuprofen, before they lose their lead. Analysts predict an all-out war, with sky-high marketing budgets fueling heavy television ads, couponing and even sample sizes. Between the "massive awareness campaigns for the new products" and the defensive ammunition sprayed from the other analgesics, says A.G. Becker's pharmaceutical analyst David Saks, the only sure winners are the advertising agencies, whose "treasure chests will spill over in bounty."

These marketers will not be waging a limited war, either. Even though the battlefield is the analgesic segment, the salvos will have repercussions in the rest of the $5 billion OTC pharmaceutical market, where these same companies and others compete: cough and cold remedies, digestive aids and vitamins — which combine to represent over 60% of all OTC drug sales. Some companies are hoping that the four major combatants will need so much support in the analgesic segment, that they will let their other products languish.Others are intrigued by the process of moving a drug out the ethical arena into the mass market. George Mancini, vice president of marketing for A.H. Robins, which moved Robitussin from ethical OTC (sold without a prescription but only through pharmacies) to mass market status, explains: "If you want an outstanding success in any OTC category," he says, "you want to establish the ethical base of the drug first" — with prescription records — "and then it will go through the roof as an OTC."

> **"If you want an outstanding success in any OTC category, you want to establish the ethical base of the drug first, then it will go through the roof as an OTC."**

Not everyone is confident. Paul Brook, who analyzes the ethical part of the pharmaceutical market for Morgan Stanley, doesn't believe that ibuprofen is a sure-fire success in the mass market. Pointing out that the drug is in the unique position of straddling the prescription and OTC markets, he says that consumers familiar with the prescription dosage (600 mg.) may find the non-prescription strength (200 mg.) disappointing. He scoffs at those experts who claim ibuprofen-based analgesics will control 20% of the market next year. "It all has to do with the positioning: it won't do well if it's positioned as an analgesic — there are already good remedies out there. But it may get 15% in three years, if it is marketed as an anti-arthritic," a position attractive to prescription drug takers and former non-drug users.

Other observers debate whether ibuprofen will make a run on Tylenol or aspirin leaders such as Bayer, Anacin, and Bufferin. Ibuprofen can't be taken by consumers allergic to aspirin, who make up a good part of Tylenol's following. On the other hand, says Saks, Tylenol outsells second runner-up Anacin by more than two times — a huge market share that will be harder to defend than to chip away.

Allan Mottus, an industry consultant, believes the new products will claim their share from every product. He says the drug stores, where most OTC products are still sold, have barely recovered from the space pressure of the hair care introductions — and the new shelf space wars may force them to redo entire store plans. He predicts that "the big brands will stay big, and the little ones will get killed."

Analgesics

The dust has hardly settled from the market share raids that followed the 'Tylenol poisoning tragedy' of fall 1982, and already the segment is mobilizing for another round of skirmishes. Pain relief, headache and antiarthritic drugs represent 29% of the

Continued on page 90

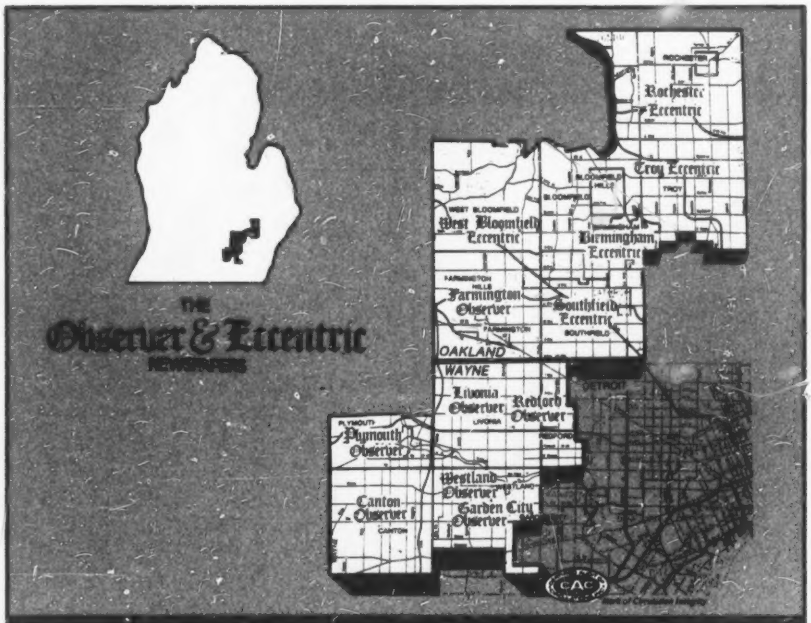
over-the-counter pharmaceutical category, an overall share that has remained stable despite furious activity among the drug companies. Whether the two ibuprofen-based drugs, Nuprin and Advil, will draw users from the $1.2 billion prescription pain relief market is the $90 million question — the combined amount Bristol-Myers and American Home Products are estimated to be staking behind their new products. Some industry observers, like Mottus, see this go-round as yet another market share war, whether ibuprofen brings new customers to the drug store shelf, or not. "The amount of money all the companies are going to put into the market will expand it," he says, "but at the expense of the bottom line."

Spending, on the other hand, has continued to climb, from a 1981 category total of $165 million, to more than $220 million in 1983. More than 80% of the investment went into television, most of that network. Network television will be favored once again this year — between introductory campaigns and stepped up advertising for the established brands, pain sufferers will have the options pounded into them. Category spending is expected to top $300 million, though the companies themselves are reluctant to say how the money will be spent. How effective this spending will be is another question — a question of brand loyalty. Analgesics tend to be a strongly brand loyal category, compared with other drug store categories like shampoos or conditioners. According to a recent study by R. H. Bruskin, the market research firm, almost two-thirds of headache remedy users rely on one brand; only 16.2% of the study's respondents said the brand didn't matter.

American Home Products, which has already taken a lead on rival Bristol-Myers, has established the ground rules for marketing new brands. Analysts point out that both companies, anxious to stress the difference between ibuprofen and other drugs, have created new brand names, a trend that is likely to continue once the patent expires and the market is flooded with ibuprofen products. The move is quite a change for companies that tend to risk incursions with extra-strength and non-aspirin line-extensions.

Positioning is tricky: for the first time ever, the FDA will be monitoring all analgesic advertising. This decision has already been met with disapproval, especially from a wrathful Johnson & Johnson — the company is suing the agency for overstepping its bounds. The J&J move is seen by analysts as a last-ditch effort to delay ibuprofen's introduction bounds. Amid recent flurry about the contents of the warning label — whether it should list all the conditions under which ibuprofen should not be taken, or simply recommend consulting with a doctor — Advil's advertising has been cautious. Sensing that the FDA will be on the lookout for comparative claims, Whitehall Labs' ads stress the ethical history of the drug

Continued on page 92



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by tracing the historic development of aspirin, acetaminophen in Tylenol, and pointing out that the new ingredient is the same as in Motrin.

Upjohn, Motrin's marketer, is taking these spots as the basis for a suit against AHP and its agency, Young & Rubicam, contending that the ads are "misleading." Upjohn contends that Advil's advertising will draw arthritis patients from the prescription drug — which contains more ibuprofen. The company has asked for a restraining order to stop Advil commercials, and for unspecified damages, claiming the ads unfairly erode Motrin's sales.

At the same time, Bristol-Myers, waiting five weeks before divulging the tack Nuprin would take, finally chose a position that stressed Nuprin's prescription history even more strongly than AHP did with Advil. The network television spots, which broke on July 4 and were heavily supported in print for the rest of the month, identify the new product as "the pain-relieving medicine for which doctors have written more than a hundred million prescriptions." Ibuprofen is described as "a medicine totally different from aspirin or the ingredient in Tylenol." This position is what most analysts had expected from Bristol-Myers.

Upjohn had originally planned to market Nuprin itself, but observers say the company's lack of experience with consumer advertising dissuaded the company from competing in the OTC area. Upjohn doesn't buy enough media to get discounts, one analyst says, adding that the company is used to the higher profit margins of the ethical drug market and not to the out-of-pocket costs of marketing an OTC product.

Market leader Tylenol, from Johnson & Johnson's MacNeil Labs division, recaptured its +30% share with hefty investment — $43 million in media alone in 1982, topped last year with $57 million behind the entire line. The company is keeping a tight lid on its plans for the brand, although it did announce that it would be taking a drop in earnings in order to support Tylenol with as much as $70 million, and to plan its own ibuprofen entry, which is rumored to be a time-release capsule. Aside from heavy television, the company is expected to invest in couponing — especially since Advil and Nuprin are priced comparably to Tylenol, and at a loss for Bristol-Myers and American Home Products.

American Home Products, which also has entries in aspirin and acetaminophen, plans to keep the strategies that garnered a 15% share for Anacin, and 5% for Anacin-3. A company spokesman says the company was pleased with the slice of life campaign that stressed the familiar tag line, "Anacin fights pain." He adds that the company is not concerned that Advil may cannibilize from Anacin, since it is expected to expand the market. He declined to say how much more than $26 million would stand behind Anacin, or whether the company would boost Anacin-3's $27 million budget.

Bristol-Myers has spent considerably less promoting its aspirins — $16 million supports Bufferin's 8% share and $13 million backs up Excedrin's 8% market take. Datril, an acetaminophen-based product introduced in 1982, spent $17 million last year. Bristol-Myers is sure to be changing the campaign for at least two products. Excedrin ran afoul of the Federal Trade Commission (FTC) last year, before the brand switched to Doyle Dane Bernbach, by deceptively claiming to have a more powerful ingredient than other OTC medication; and Bufferin also got into trouble, for falsely claiming to be recommended by doctors more frequently than any other nonprescription pain reliever.

Sterling Drug also bumped up against the FTC, with claims that Bayer, its strongest contender with a 10% share of the analgesic market, was purer than other brands. The past two years have been hectic ones for Sterling in the OTC area: a flurry of new product introductions under the Bayer name, the much-trumpeted $25 million Panadol import (which only netted a 2% share), and two line extensions for Midol, the dysmenorrhea drug. A

Continued on page 94

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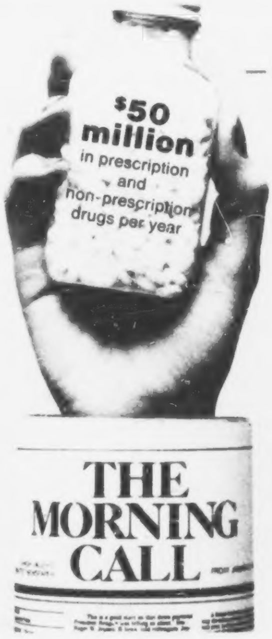

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spokesman for the company states Sterling will "defend itself aggressively" and is preparing to launch its own ibuprofen brand next May.

Cough and Cold

The war in cough and cold remedies was fought two years ago, when several former prescription drugs moved over-the-counter and made a run on established brands like Comtrex, Contac and Dristan. Cough and cold remedies are a notoriously volatile market, representing about 23% of OTC retail sales — about $650 million in cold remedy sales and $400 million in cough medication. The influx of new brands has driven up the entry price to a minimum of $6 million, according to Mitchell Glazier, vice president of marketing in SmithKline Beckman's Menley & James Labs division. And the overall stakes have gotten fiercer as well, with marketers pumping the category total up to $215 million, from $180 million two years ago. This year, however, will be a relatively quiet one, since some of the major companies are paying more attention to the analgesic segment.

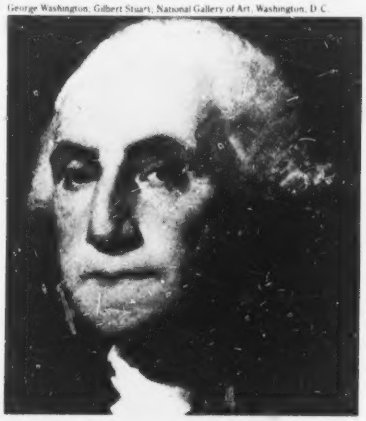
The new entrants — Robitussin from A.H. Robins, Triaminic from the Dorsey Labs division of Sandoz, Sudafed from Burrough-Wellcome, and Drixorol from Schering Plough — have made their mark by redefining the position that makes for success. Until recently, the strongest positioning was "long-lasting relief," a position stressing convenience. But, as Bill Taylor, senior product manager for Triaminic points out, that position has lost favor: "Consumers don't tend to believe that a product can last that long, or they fear overmedication." Instead, the strongest position is for a brand to stress its prescription history. Triaminic has about 9% of the total, at a cost of $9 million last year.

Despite the new products, Richardson-Vicks' Vicks line of cough and cold remedies have maintained their overall market share. Last year, the company spent $17 million, almost all of it in network television, supporting Formula-44 ($6 million) and Nyquil cold medicine ($8 million), still the number one selling cold medication.

Tom Peterson, a vice president of marketing at Vicks who watched the brand keep its hold, says that the main reason is, "Vicks supported the brand consistently. While the other companies' strengths were in formulation, ours have always been in positioning and advertising." He points to the "delicate understanding of the psychology of consumers with colds" in advertising that depicts two people, one beset with a cold, the other "mothering." This, he says, has consistently appealed to heavy users in the population who "baby themselves" when they have a cold, instead of braving it out.

Making solid headway in the cold segment are Burroughs-Wellcome's Actifed and Sudafed brands, which have a combined share of 13.5% in the cold medication market. Actifed has gotten all the support, according to product manager Brian Carson, to the tune of $7 million last year. Sudafed, while available in mass outlets, has been marketed as an ethical OTC, with limited advertising targeted to pharmacists, doctors and nurses. Carson says that these two brands, have gotten their share from the established leaders, like Nyquil and Dristan. "Long-lasting is a good claim, but a better one is the prescription history of these two products," he says. Right now, the company is deciding whether Sudafed will emerge on television touting its ethical background. "It's a strong claim to make with consumers because it's hard to top," adds Carson.

Robitussin, from A.H. Robins, is probably single-handedly responsible for routing other entries in the cough category. Consultant Mottus says "all the money spent chasing after Richardson-Vicks and A.H. Robins" is what spurred competition on in the entire category — to the point that some manufacturers may pick this year for pulling costs back down. "If they don't pull back by themselves," he warns, "the stores will cut back on their SKU's (stock-keeping units) anyway." This doesn't faze George Man-



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$ (in 000)/COUGH AND COLD REMEDIES, COMBINED

Company/brand	Total	Mags	Supps	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Newsp.
American Home Products									
Dristan	$26176.5	—	—	$24,263	$1,913.5	—	—	—	—
Primatene	7,233.9	$ 694.7	—	6,249.7	289.5	—	—	—	—
Bristol-Myers									
Comtrex	10,326.0	146.6	—	9,029.7	490.7	$630.5	$28.8	—	—
Johnson & Johnson									
Co-Tylenol	9,612.0	—	—	8,984.0	628.0	—	—	—	—
Bayer A.G.									
Alka-Seltzer Plus	8,945.4	—	—	7,231.4	857.0	—	63.8	—	—
Sandoz									
Triaminic	9,954.8	4,228.1	$675.6	3,206.5	669.6	—	—	—	$1,175
A.H. Robins									
Robitussin	11,409.5	791.3	—	2,112.6	8,062.0	—	—	—	443.6
Richardson-Vicks									
Vicks (all)	17,643.5	79.7	—	13,603.1	3,960.7	—	—	—	—
SmithKline Beckman									
Contac	13,030.7	58.0	—	12,121.2	654.8	—	50.8	—	145.9
Burroughs-Wellcome									
Actifed	6,273.3	—	90.5	6,108.0	74.8	—	—	—	—

cini, vice president of marketing at A.H. Robins, who says that Robitussin's success — with an $11 million investment last year earning the brand a 20% share in the category overall — "has paid a lot of bills" for other products. When Robitussin was allowed to go over the counter seven years ago, it was marketed, like Sudafed, as an ethical OTC. While some within the company felt that the brand, with flat sales over several years, might have reached its peak, Mancini says others pushed to test consumer advertising. With the "doctor prescribed" campaign featuring a white-coated authority, the brand has turned into a $200 million money machine for Robins.

Alka-Seltzer Plus, the entry from Miles Laboratories division of Bayer A.G., the German pharmaceutical company, has been slowly gaining share, to about 6%. Steve Reim, vice president of marketing for the company, says that Miles will continue to step up its support, which reached $8 million last year, in an effort to become more aggressive. He expects competition for cold remedies to continue, because "it's one of the few OTC categories that continue to increase on a unit basis."

Vitamins

Vitamins, says Richard Vietor, Drexel Burnham Lambert's pharmaceutical analyst, are the "money machines" of the non-prescription pharmaceutical industry. They are also the stronghold of private label and generics, which combined, represent $450 million of the billion dollar seg-

$ (in 000)/DIGESTIVES

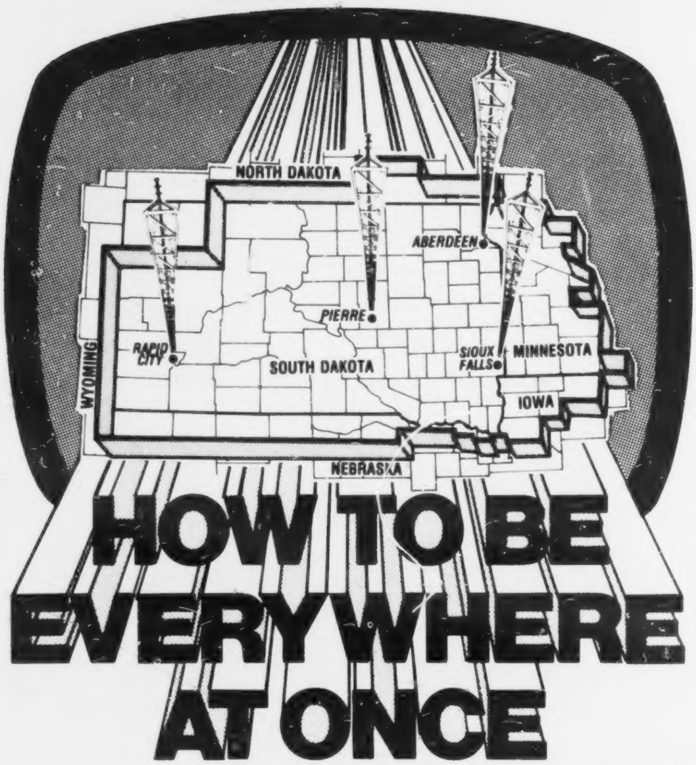
Company/Brand	Total	Mags	Supps	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Newsp.
Bayer A.G.									
Alka-Seltzer	$13,081.3	$123.1	—	$8,681.2	$2,423.1	$1,853.9	—	—	—
Procter & Gamble									
Pepto-Bismol	10,518.5	495.4	—	7,940.9	1,849.1	—	—	—	$233.1
Revlon									
Tums	8,925.1	—	—	7,653.6	1,271.5	—	—	—	—
Richardson-Vicks									
Tempo	7,913.7	—	—	6,958.5	955.2	—	—	—	—
Warner-Lambert									
Rolaids	9,447.2	—	—	5,957.1	3,452.4	37.7	—	—	—

ment (at retail, not counting mail order). The reason: "It's a price driven category," according to Miles Labs' Steve Reim. It is also an increasingly segmented one. Much of the growth in the category is coming out of health food stores, where shelf space for diet supplements and multivitamins is not as cramped as in drug outlets. Multivitamins, the fastest growing segment while the health craze was peaking, are now being overtaken by mineral supplements. "The companies are positioning these products to people under strain," says consultant Allan Mottus. "The supplements build on physical needs, on top of dietary needs."

Spending is spread out in the category and support tends to be limited. The brands with the heaviest advertising support — Centrum, One-A-Day, Geritol, Theragran-M, among others — are the only ones that invest in television, with budgets between $7 million and $9 million. Spending behind individual brands has fallen since the peak of fitness fervor several years ago. Usage changed at that point: vitamins had been primarily a woman's product until health became a universal concern. George Cavic, product manager of Warner-Lambert's Myadec, explains that men now represent 40% of the market. Television buys have shifted to reach the new audience — less daytime, more news, which also captures the elusive working woman. Non-branded vitamins control such a large portion that most marketers are reluctant to invest more, says A.H. Robins' Mancini, who calls the situation "irritating."

> **"Positioning is tricky: for this first time, the FDA will be monitoring all analgesic advertising."**

One of the most adept marketers in the category is American Cyanamid's Lederle Labs division, which manufactures Stresstabs and Centrum. Stresstabs had been a heavily advertised brand, with $5 million behind it in 1980. When the private label brand started encroaching, Lederle switched its spending to Centrum, the "A to Zinc" multi-vitamin that had been



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plugging away with $2.5 million. Now, Stresstabs, which maintained its high awareness, make do with $3.5 million, while Centrum, back with $9 million, has turned into a cash cow envious rivals estimate to be worth between $70 million and $90 million. Mancini says this "effective switch of advertising strategies" may be American Cyanamid's way of slowly building a "very profitable product line": If private labels capitalize on Centrum's success, the company will, once again, turn over its dollars to a new product.

Other brands have tried to copy Centrum's success, most notably Squibb's Theragran-M, another multi-vitamin entry. The brand spends $7 million, most of it on the campaign that plays on the name. Last year, however, Squibb turned the reformulated brand over to Ogilvy & Mather, and observers expect it to go head-to-head against Centrum.

Advertising budgets overall in this category will not go up more than 10%.

Digestives

The digestive aids market has been a calm one for several years, primarily because the $750 million antacid segment and $370 million laxative category are dominated by a few brands that hold their own despite new product introductions. Procter & Gamble's Pepto-Bismol and Miles Labs' Alka-Seltzer together control 25% of the antacid segment, with Revlon's Tums and Warner-Lambert's Rolaids picking up another 25%. Spending in the category has boomed to $100 million in 1983, but to no avail. The leading products keep their support stable, and seem to enjoy their success unimpeded. The last major new introduction, a soft antacid from Richardson-Vicks, Tempo, tried to make a dent with $8 million in television advertising, but observers says the effort has been largely unsuccessful — the brand has less than 1% of the market.

One brand trying to change its positioning to keep up with lifestyle changes is Alka-Seltzer. Vice president of marketing, Steve Reim, credits a more aggressive parent, Bayer A.G., with the shift. He says that the brand has not shown "much vitality in the past three or four years" with its position as a cure for over-indulgence: the lifestyle of its heavier users has shifted to "a health consciousness, with concern over the symptoms of stress and tension." A change in advertising agencies, from Wells, Rich, Greene to McCann-Erickson, got the brand the campaign it had been looking for: the brand is now positioned as a stress-reliever. Support for the new campaign has grown from $13 million to over $20 million.

Other major brands in the segment — Maalox, Gelusil, Mylanta — are still ethical OTC products, distributed mostly in pharmacies and drug stores. Advertising for these products is minimal, since they rely on backing by physicians. Maalox, for example, spent under $3 million on a campaign that was almost entirely spot television. Reim explains that these products do not compete with the four major ones in that category, since they are distributed in a more limited way and are positioned against prescription drugs, rather than mass market ones.

Laura Konrad Jereski

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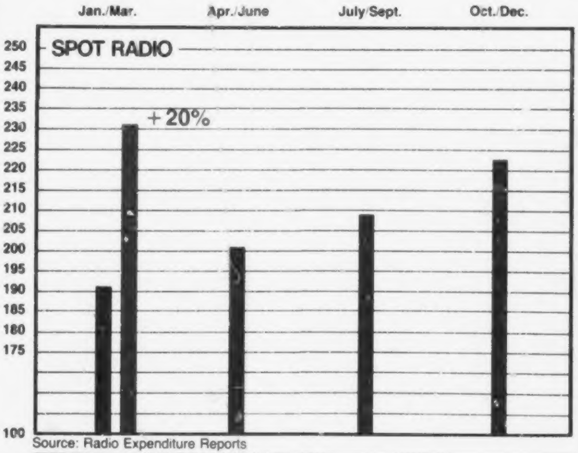
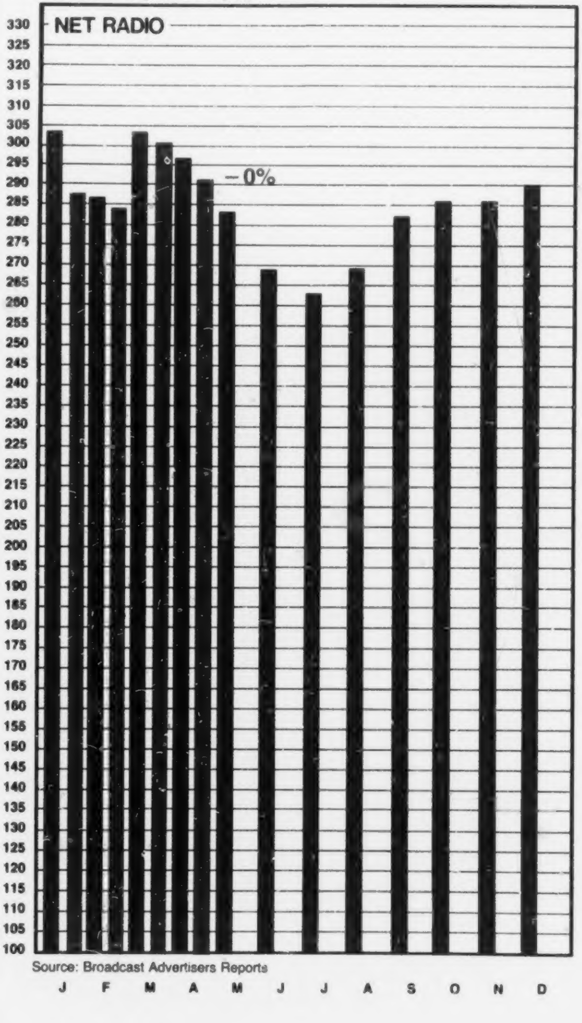
MEDIA COST INDEX (continued)

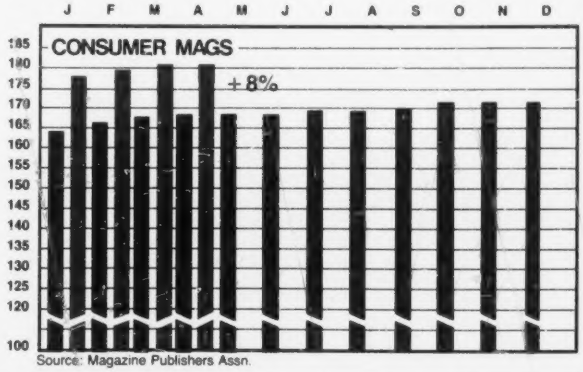
Black bars index for 1983; color bars 1984; base year 1977



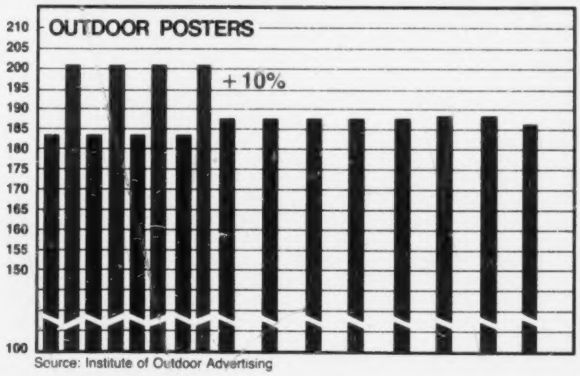
Source: Radio Expenditure Reports



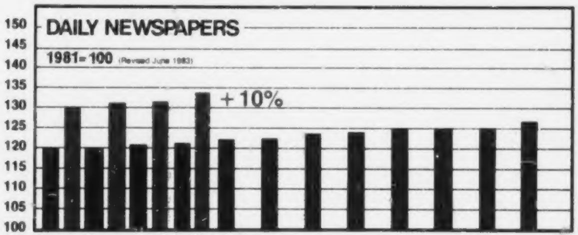
Source: Broadcast Advertisers Reports



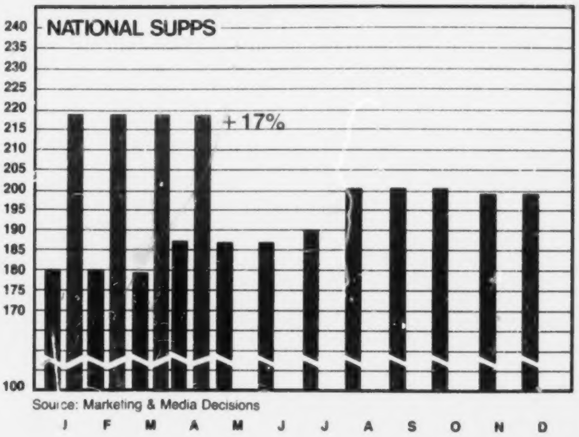
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



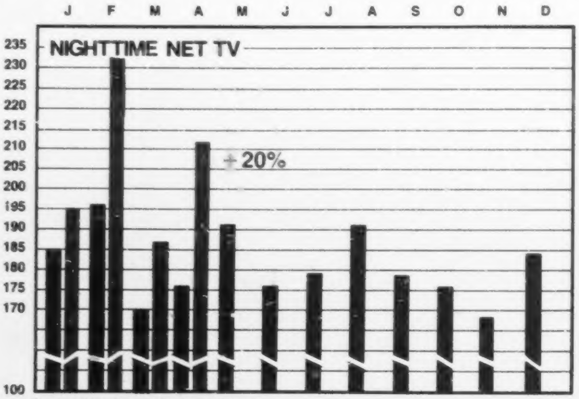
Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

MEDIA COST INDEX

Black bars index for 1983; color bars 1984; base year 1977



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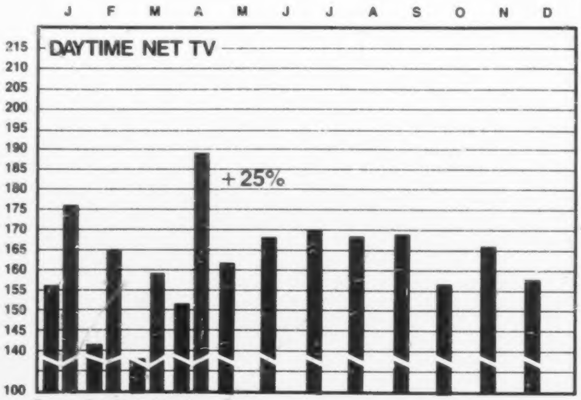

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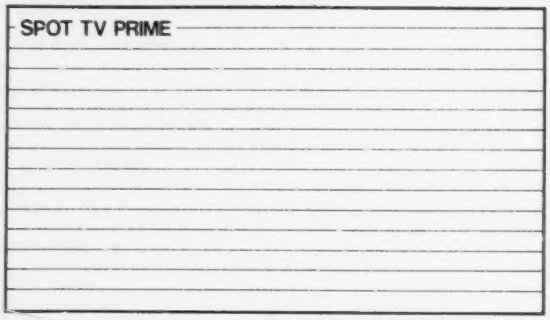

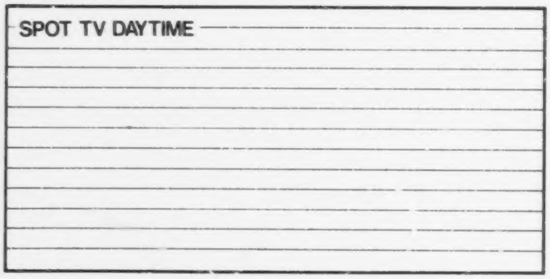

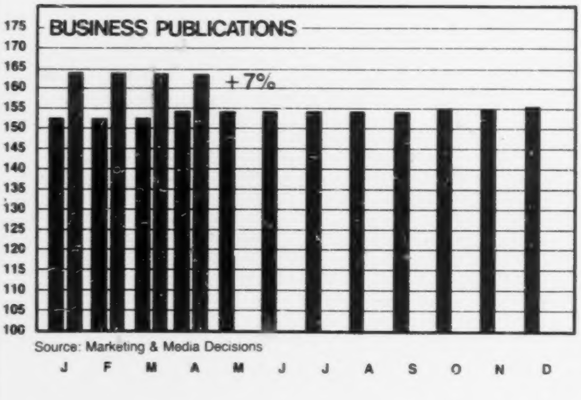

Source: Marketing & Media Decisions

After far too long an absence, **spot radio returns** this month to Decisions' monthly cost index. The numbers will be provided quarterly by Radio Expenditure Reports, Larchmont, NY, which was successful in getting the cooperation of the major radio representatives, the source of the base data. The first report shows the index at 231, a 131% increase over the base year (1977) and 20% higher than the first quarter of 1983. The index represents the cost of a 60-second spot in the top 100 markets.

Print media during April held relatively steady. The only upward movement was reported by **newspapers,** now 10% over April a year-ago. The other print came in as follows: **outdoor,** up 10%; **magazines,** up 8%; **supplements,** up 17%, and **business publications,** up 7%.

Major changes are shown for **network tv. Daytime** has been on an upward trend all year, starting at +12%, then +16%, and +25% in April. **Nighttime** started off quietly (+5%), surged for the Olympics in February, settled down in March, and shot upward to +20% in April. **Network radio** has been below 1983 levels all year and is now almost even.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

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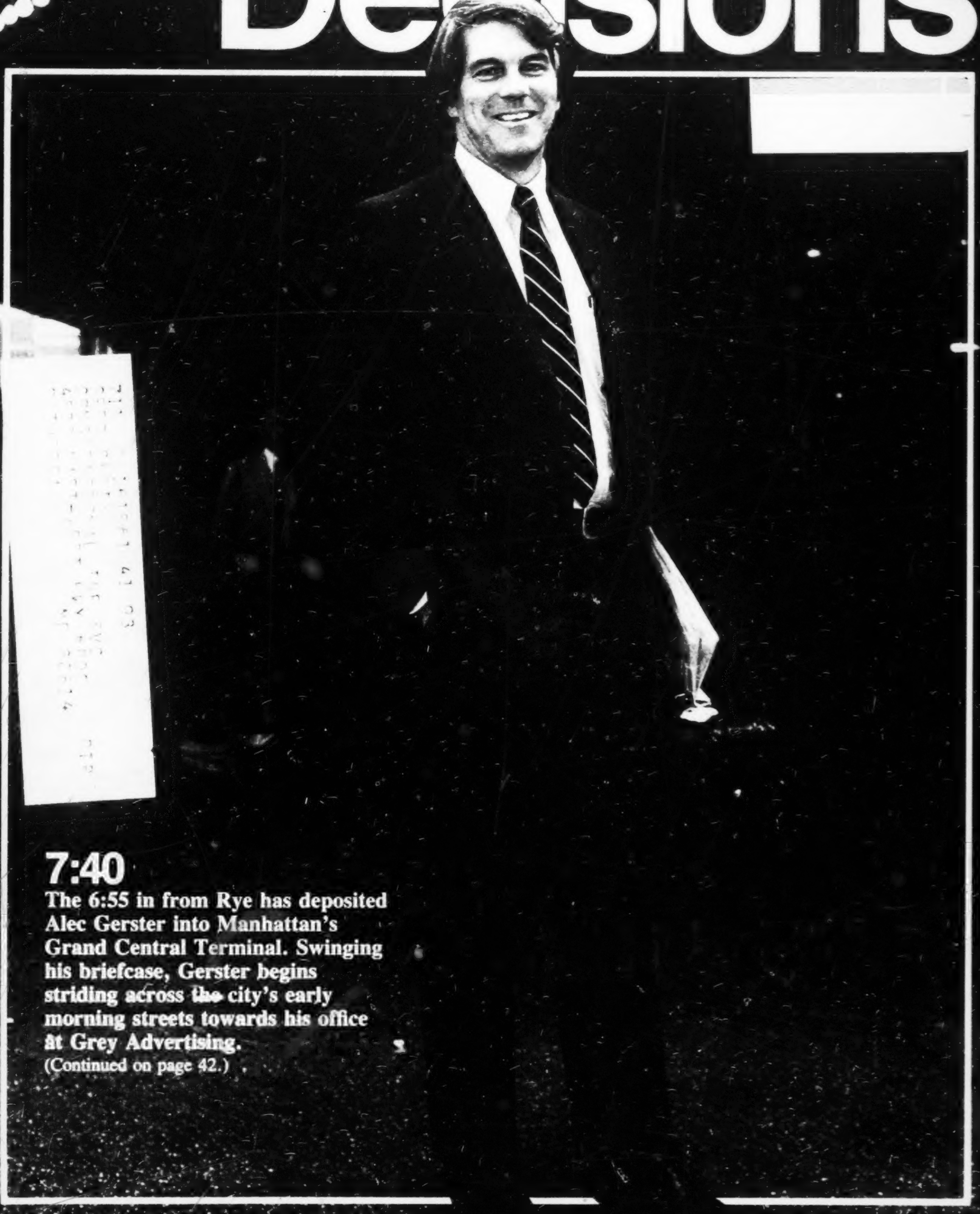

7:40

The 6:55 in from Rye has deposited Alec Gerster into Manhattan's Grand Central Terminal. Swinging his briefcase, Gerster begins striding across ~~the~~ city's early morning streets towards his office at Grey Advertising.

(Continued on page 42.)

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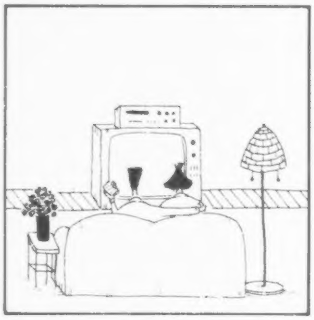
How will Beatrice fit those Esmark brands under its advertising umbrella? That's what Beatrice management is working on right now.

Focus on . . .



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MRI segments the segments

It wasn't your ordinary press conference at which Mediamark Research Inc., introduced its latest innovation in market segmentation research. Rather, the information on "Consumer Innovators" was presented in a game show format that was a full fledged theatrical production. No slides, no flip cards, no bar charts; instead chairman Timothy Joyce provided a medium with crystal ball, who was no match for the MRI study. (See: *MRI: larger audiences than SMRB*, November 1982, page 74.)

The new MRI study takes the segment of the population known as innovators, and further breaks that category down into five broad product purchase categories: the food and kitchen environment; the home environment; electronics; leisure activities; financial services. On the basis of the MRI data, marketers can obtain precise profiles of consumers who are most likely to buy new products in any of those five categories.

Kirin comes in a keg

Kirin Brewery Ltd., Japan, the world's third largest brewer of beer, is taking its U.S. sales more seriously, with the establishment of a marketing operation located in New York. Kirin USA is also investigating investment opportunities in such fields as biotechnology and pharmaceutical products. (See: *Brand report 76, Beer*, May 1982, page 141.)

In its U.S. beer business, Kirin has introduced a new package to the U.S. market, a two liter minikeg, with a new formulation, Kirin draft beer. The brew in bottles will be available only in restaurants.

More sportscasts, lower ratings

More sporting events and smaller television viewing audiences are what sports event advertisers are getting these days, and indeed paying dearly for the privilege. A report on network sports broadcasts in the past five years from BBDO describes a vicious circle in which advertisers increasingly pay more to get less. (See: *How media recruits the sports fans*, December 1982, page 55.)

The BBDO report shows that the steady decline in sports program ratings is due to over-saturation, the growth of cable, and indirectly, to astronomical player salaries. To meet player salary demands, club owners must receive more for broadcast rights. Those charges are in turn passed along to advertisers. To give broadcasters more games for their money and spread out media costs, new contracts call for more games. This spreads the viewing opportunities and shrinks the audience for each telecast.

In 1983, ABC, CBS and NBC televised 1,402 hours of sports, which was sold to advertisers for a total $565 million. And in 1983, the rating for male viewers over 18 dropped to 6.9, from a high of 9.0 which was achieved in 1980. When audience decline is combined with higher cost, the result is a higher cpm.

Networks and advertisers must halt the practices that are making sports buys an increasingly uneconomical purchase, the BBDO report argues. The report recommends that:

- The number of telecasts of the least-viewed sports (tennis, boxing) should be reduced.
- Only the main events of each sport, not those of secondary appeal, should be telecast.
- Gimmicky sports, such as Challenge sports shows, should be eliminated.
- Pre-season games in pro football should be cut back or eliminated.
- Two network coverages of the same sports, such as college football and basketball, should be avoided.

NETWORK SPORTS EVENTS TRENDS

				MEN 18+		
YEAR	# TELECASTS	HOURS	HOUSEHOLD RATING	VVH	VIEWERS (000)	RATING
1979	628	1,288	9.1	.845	6,330	8.9
1980	638	1,365	8.9	.827	6,610	9.0
1981	598	1,303	9.3	.825	6,600	8.7
1982	613	1,352	8.6	.798	5,930	7.6
1983	643	1,402	8.3	.759	5,510	6.9

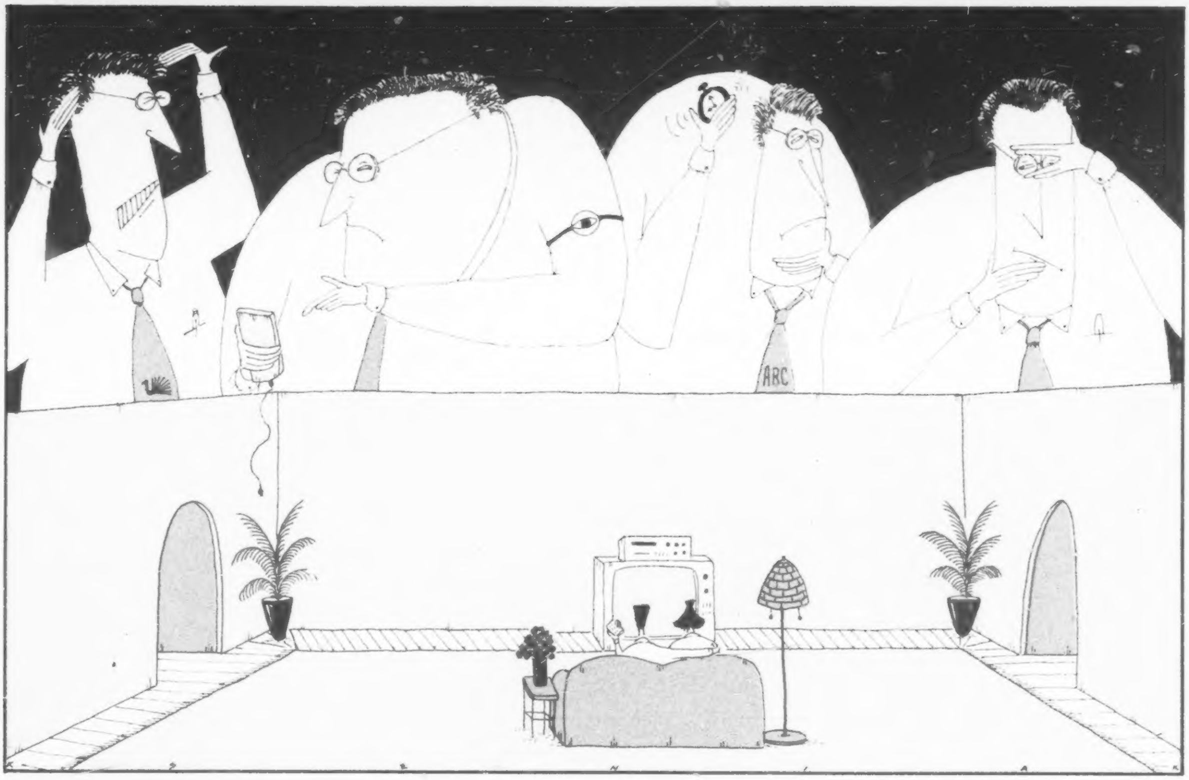
The above table shows the following network trends:

A. Yearly increases in the number of telecasts, except in 1981 when several minor sports declined.

B. Number of hours at highest level in 1983, following increases for the last two years. This was primarily due to increases in the length of tennis matches, pro football games and pro basketball games.

C. A steady decline in household ratings, except in 1981 when high football ratings caused a temporary increase.

D. Men 18+ ratings, audiences and viewers-per-viewing household in steady decline for the last four years.



Mark Kseniak

VCRs: Ogre or opportunity?

Best described in hyperbole, the VCR boom is indelibly altering the media landscape. Zapping and time shifting are catapulting agencies into re-thinking ad strategies to capture what could be a superb core audience for advertisers.

Ron and Suzi are catching up on all their favorite tv shows tonight. As Ron slips the cuisinart bowl into the dishwasher and tidies up the kitchen, Suzi is engrossed in this week's episodes of the daytime soap she missed while at work. Later, Ron joins her in the living room to watch — uninterupted by commercials — last night's premiere of *Hill Street Blues*. Then fast-forwarding through the ads for children's toys and cereals, they linger over a Saturday morning special on wildlife, aired two weeks ago, rerunning the colorful segments on Africa, where they recently vacationed.

Over nine million VCR-equipped households like Ron and Suzi's are deciding for themselves just when and how tv watching best fits their personal schedules. While such attentive, largely affluent viewers are potentially a superb audience for product advertisements, evidence is building that most VCR owners are using the technology to skip over product pitches and messages. Indeed, as VCR usage soars, the media landscape is becoming indelibly altered. Advertisers and agencies are now being forced to devise ways to deliver product messages differently, and in a more attention-getting manner. Says Phil Guarascio, senior vice president and director of media management at Benton & Bowles: "VCRs touch on all the villainous elements representing the most legitimate concerns as to how tv is viewed and the ability to measure viewership. Zapping, time shifting and audience fragmentation are very tangible in their negative impact."

The most marketable features of VCRs appear to be timers which enable viewers to do advance programing of up to eight hours in a given two-week period, and fast-forward devices that make it easy to skip commercials recorded off the air. A.C. Nielsen's recent survey of over 5,000 VCR homes suggests the impact of such features. By time shifting, VCR owners create their own schedules. By renting cassettes, they become their own programers. By speed search, they become their own director. And they zap out commercials and become their own editor. "Clearly, that such a machine exists will not make advertisers happy," concedes Paul Lindstrom, research manager and author of the Nielsen study.

Advertisers' mouths are likely to turn down even further. Buoyed by an economic recovery and a remarkable consumer fascination with all things electronic, VCR sales are booming. VCR's present future can only be described in terms that approach hyperbole. Industry projections cannot keep pace with that fast-moving market. Between 1976 and 1983, the number of VCR households grew from 30,000 to 9.1 million. In January of this year, the Electronics Industry Association predicted five million units would be sold by year-end. Six months later, the EIA upped that estimate by 70%. As of May, VCR sales had zoomed 85% ahead of the same period in 1983, when 11% of total tv households plunked down $2.5 billion for four million machines, and accounted for $1.1 billion in prerecorded home video fare sales. Currently, VCR penetration of the U.S.'s 84 million tv-equipped households is at 13%. Prognosticators expect that level to hit 20% by year-end (15 million units) and top 50% (over 30 million units) by 1988, when high fidelity VCRs will make traditional audiovisual equipment obsolete.

The VCR phenomenon breaks at the crest of a sales wave surging across all segments of the $23 billion U.S. consumer electronics industry. Spurred by the deregulation of AT&T, sales of telephones jumped nearly 60% to 31 million units, or some $1.3 billion at wholesale. Even audio, in a slump after its 10% to 20% annual growth rates in the 1970's, recovered to enjoy $1.3 billion in sales last year. EIA projects factory sales of audio components will reach $1.4 billion this year; $1.5 billion in 1985. Meanwhile, sales of color tvs, once considered to be a mature product line, climbed 23% in 1983, to 14 million units. By RCA estimates, color tv sales should spiral another 14% this year, to 15.8 million units, as marketers look toward a 50% turnover of tv sets installed in the last three years and households double and triple up on the number of sets they own.

THE OUTLOOK FOR THE VCR MARKET

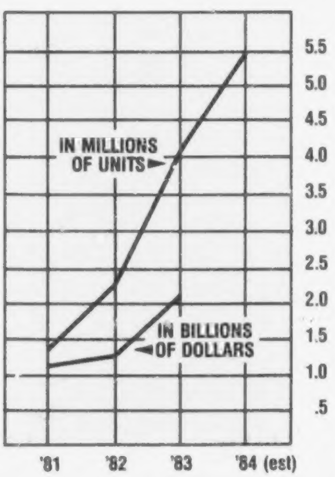
Year	Sales (millions)	Installed Base (millions)	HH Penetration
1984	6.9	16	19%
1985	8.0	24	28%
1986	8.5	32.5	38%
1987	9.0	41.5	49%
1988	9.5	51	59%

Source: Link Resources, Electronic Industry Association

Also on the upswing are projection tv sales, which the EIA thinks will increase 25% over 1983, to 180,000 units this year. And, forging the whirlwind path blazed by its cousin the video game player, the home computer is expected to double its sales, from $1.3 billion to at least $2 billion in 1984.

A number of factors are behind the meteoric rise of the consumer electronics category. Feeding Americans' insatiable appetite for gadgetry, many of the products boast new features which intrigue inquisitive buyers, while increased competition is lowering prices in nearly all consumer electronic segments. In particular, VCRs are being tranformed into a low-priced, mass market item. Ampex pioneered the device in 1956, but its VCR was the size of an average garage and cost $50,000. RCA reduced the size and price of the machine, and introduced in 1977, a $1,000 Matsushita-made VHS unit. Since then a bevy of competitors have entered the arena, causing prices to plummet. List prices on VCRs have been slashed 23% since 1982 to a current $491. Discounters sell the machines for far less. When Taiwanese and Korean recorders hit the U.S. market in mid-1985, prices will slide further, a play-back only unit rumored to be in the works for $99.

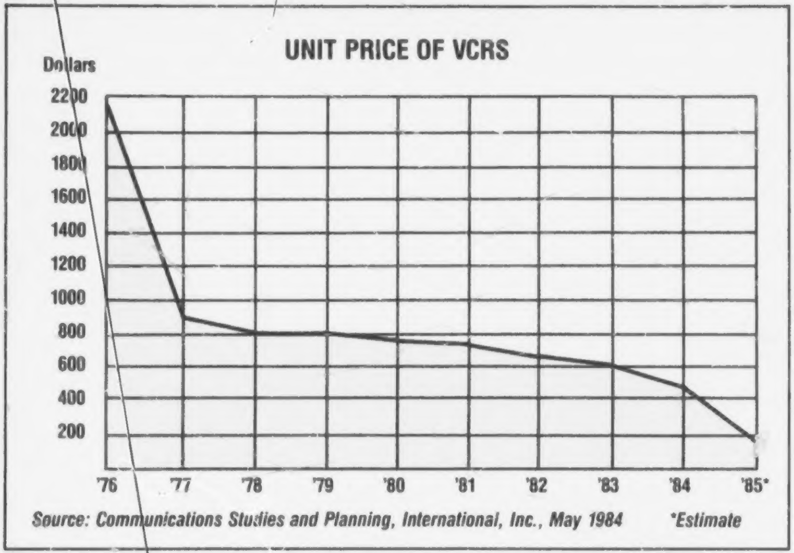
SALES OF VCRS



Source: Electronic Industries Association

Accompanying the proliferation of VCRs are sales of blank half-inch cassettes, which allow consumers to record programs at whim. In 1978, 5.7 million blank cassettes were sold. By 1982 the number was 39 million, up to 70 million in 1983, and is projected to strike 100 million by year-end, according to the research consulting firm, Communication Studies and Planning International. Retail prices of blank cassettes dropped from an average $18 in 1980 to under $10 last year. Sales of prerecorded materials, most notably movies, totaled 10 million cassettes in 1983 for revenues of $1 billion. By 1988, sales in this area should represent $5 billion, claims F. Eberstadt, a media research company, citing, as a factor, the expansion of distribution networks for prerecorded cassettes from regional mom and pop operations to include major chain, retail and mass merchandising participation, all marketing tapes at lower prices.

With growth and revenue projections bullish by even the most conservative estimates, the VCR market is clearly one to be reckoned with. VCRs are changing the way tv is viewed and is particularly aggravating conditions



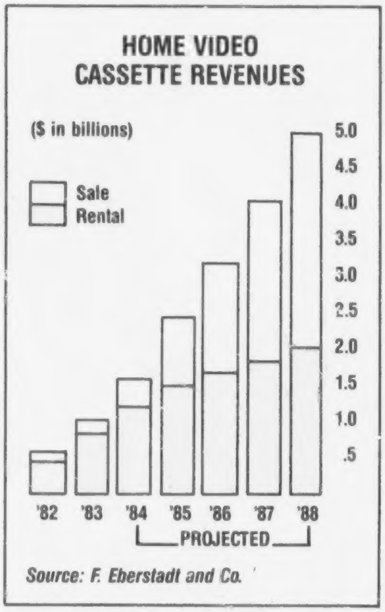
Source: Communications Studies and Planning, International, Inc., May 1984 *Estimate

in the pay cable industry which is currently suffering from a severe lag in new subscribership. The growth of pay tv during the first three months of 1984 was less than half the rate in the same period in 1983. Clearly, when consumers can rent film for as little as $2 a night, the appeal of multi-tier subscription on pay will further diminish. While industry analysts concur that the VCR boom will most likely not alter subscribership to the first pay service, consensus is that VCRs could potentially kill subscriptions to the second and third pay tier which are the bread and butter of the pay tv industry.

Advertisers are not particularly flustered about VCR impact on pay tv, which does not accept commercials. But they do express concern that VCRs are affecting the manner in which commercials on broadcast tv and basic cable are viewed.

Consensus among ad agencies is that while advertisers will slip into this profitable market in some manner, the implications of the technology are causing what Russ Booth, vice president associate media director, Grey Advertising, terms "strategic concern." VCRs are generally perceived as part of a series of threats to mainstream tv viewing, "another stream off the river which could dilute available audience," Booth glumly reports.

And what a fertile audience VCRs are diverting! By Nielsen estimates, 60% of VCR owners have an annual income of $35,000 or more; 47% of the male and 34% of the female heads of households completed college; 42% of households have a person under 18; and 44% are in the top ten tv markets. Nielsen found that television remains the primary source of programing among VCR owners, although 75% do rent or buy some prerecorded cassettes. Nearly 83% of VCR users tape from the tv. Indeed, 77% of the users say they bought their VCRs specifically for the purpose of taping off the air. Network programs accounted for almost three quarters of tv taping; cable, a paltry 7.6%. Only 16% of those surveyed identified prerecorded material as their chief source of programing.



Source: F. Eberstadt and Co.

VCR owners are taking full advantage of the convenience of time shifting. Only 25% of the viewers polled simultaneously tape and watch a program; nearly 54% did not watch tv while taping, and 21% watched another program while taping. Of all tapes played back within the month of recording, 50% are viewed the same day; 79.8% viewed within one day; 94.3% within five days, and 97.7% within 10 days.

Link Resources found a similar relationship between recording and viewing. Specifically, 63% of the 273 VCR owners queried said they used their VCRs to record while away from home at least once a month; 54% used the VCR to record while watching another show; and 60% said they used the device at least once per month to record while at home but to be watched at a more convenient time. Link also points out a novelty curve factor for use, noting that early purchasers (1982) used their VCRs less than recent adopters (1983). RCA Consumer Electronics similarly found a change in the way consumers use their VCRs over time. "Overall, time shifting continues to dominate use," says RCA group vice president Jack Sauter, "although the extent to which consumers time shift appears to correlate with the length of VCR ownership." In its recent study of 72,000 VCR households, RCA found 59% of users time shift. Within the first year of VCR ownership 53% time shifted; 42% rented or bought movies. In the second year or more of use, time shifting increased to 62%; movie rental or purchase dropped to 22%. This trend may be attributable to limited numbers of taped movies, suggests Sauter.

Time shifting will fragment audiences, say most agencies, and advertisers, they warn, had better heed this trend. "Cable already takes a big chunk out of broadcast's viewing. Now we're going to see another medium impact advertisers and programing," grumbles Dancer Fitzgerald Sample's Beverly O'Malley, vice president and associate media director. "VCRs are going to move in and be part of that fragmented viewing," she adds. N W Ayer's senior vice president and media director Marcella Rosen agrees. "There's been a jockeying for power

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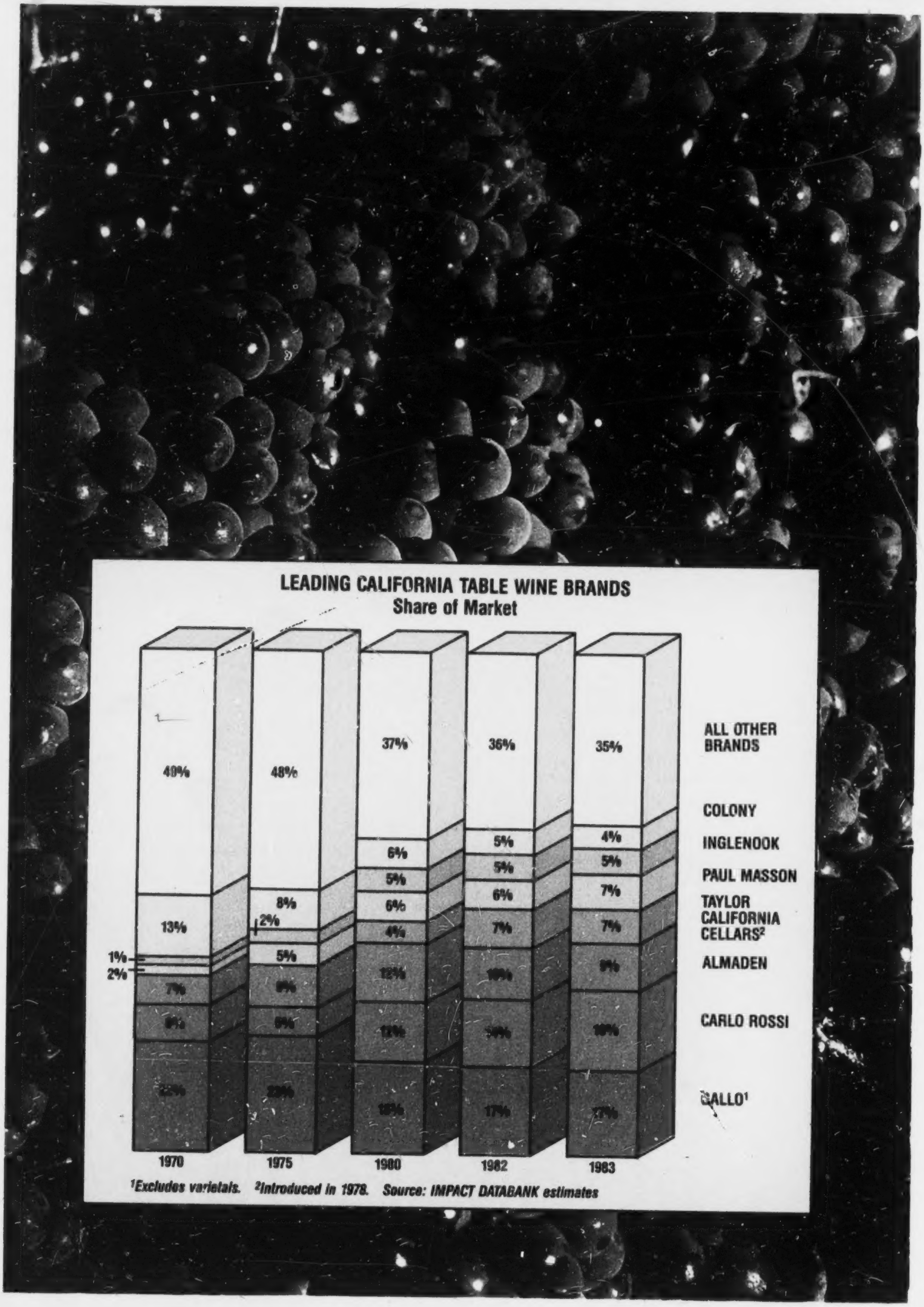

¹Excludes varietals. ²Introduced in 1978. Source: IMPACT DATABANK estimates

Seagram blankets the wine spectrum

With its purchase of Coca Cola's wine unit, Seagram has expanded its brand list to encompass all price tiers. While Seagram won't match Gallo in sales volume, it can give the Modesto vintner a pitched battle in brand marketing and profitability.

When Joseph Seagram & Co. plunked down $200 million for Coca-Cola's Wine Spectrum unit last October, some observers wondered who had gotten the better of the deal. Coke was thought to have bailed out of the wine business at an auspicious time. Industry sales had slowed drastically in 1982 after 12 years of substantial increases, and the outlook was for several more years of limp growth. The recession had sharply pruned sales and gotten imbibers out of the habit even when the economy began taking on a healthier tinge. And when people did buy, they were increasingly reaching for imports, which thanks to a strong U.S. dollar, were a downright bargain. And to prove that when it rains it pours, overly bountiful harvests exacerbated the oversupply situation and touched off a wave of price discounting that is still continuing, unabated. All the excitement about wine becoming a branded market beverage, backed by heavy advertising and marketing dollars suddenly quieted down. Lately, U.S. vintners have found themselves squeezed as hard as their all-too-many grapes.

Yet Seagram, which markets some of the world's best known liquor brands, is a believer in the long-term future of the wine business. Over the years, it has carefully added to its stable of wine products, which include the well-known Paul Masson labels, Gold Seal, and Barton & Guestier brands, which include the fast growing Parteger and Black Tower products. By acquiring the Wine Spectrum, which includes the popular Taylor California Cellars labels, among others, Seagram accomplished two major goals. It increased its clout by doubling its share of market to become the solidly entrenched number two in the industry, and it gained a comprehensive wine strategy.

Although Seagram does not want to comment on its plans at this time, several points are becoming clear: The company will most likely position Taylor California Cellars as its low-priced wine, promote Masson as its middle price and level drink, and support its imports and aged wines as premium brands. By fielding such a lineup, Seagrams will also be able to duel more effectively with industry kingpin Gallo, who has again and again demonstrated its ability to wear down all competitors.

"With this acquisition, Seagram has shown that it is getting its act together," comments John Stacy, the beverage market analyst for *Beverage World* magazine. "Plus," he observes, "Seagram has a lot of clout in stores from years of selling distilled spirits. Their distribution network is one of the best in the business." Agrees San Francisco market analyst and wine expert Louis Gomberg: "Seagram is highly qualified — more than any other entity I can think of — due to their overall spirits business. They have the personnel to do a first rate job, and they are long-term oriented in their approach."

Stacy even feels that there are certain chinks in Gallo's armor. "They're known for cheap wine," he states. "And liquor store owners say the most deadly comment about Gallo comes from women, who don't want to put a bottle with that label on the table when they're entertaining."

Snob appeal or no, Gallo is the choice of lots and lots of drinkers. The reclusive Gallo brothers, Ernest and Julio, have built up a commanding business. Last year, their products, which range from the low-priced Carlo Rossi jug wines, namesake Gallo brands, André sparkling labels, and top-of-the-line aged varietals, among others, easily outpaced all competitors. Gallo

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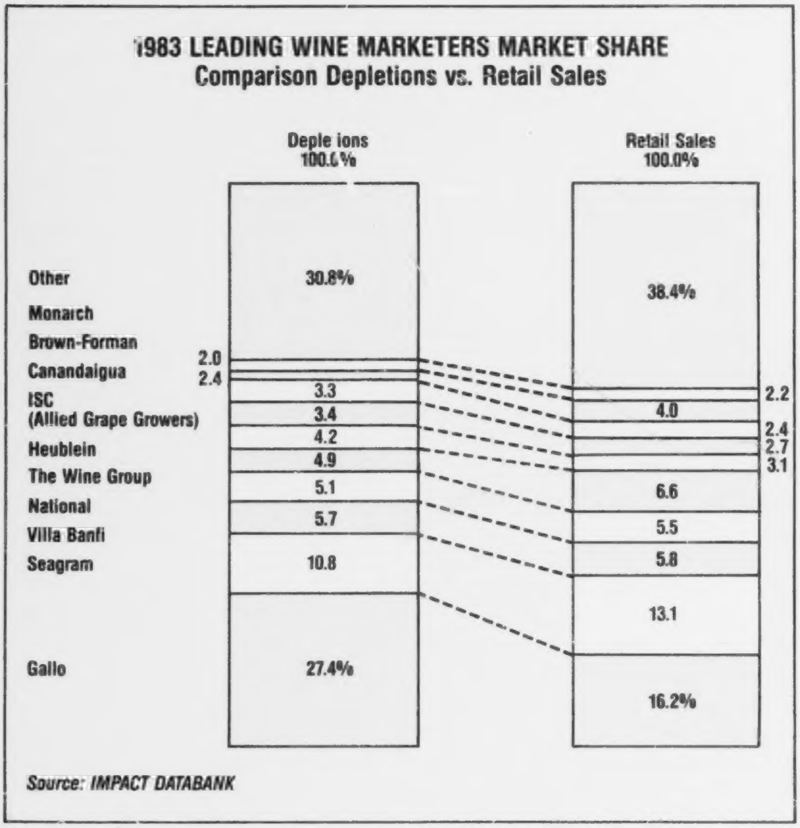
Photo: Ressmeyer Starlight

brands accounted for 27.4% of total shipments in 1983, compared with Seagram Wine Co.'s 10.8% showing. (Seagram's figures were 5.4% before the Spectrum acquisition.)

Interestingly though, the gap between Gallo and Seagram narrows considerably when looking at retail dollar totals. Here, Seagram took in 13.1% of the total spent last year, as compared with 16.2% for Gallo. On average, the retail price for a 750 ml Gallo bottle is $1.70, versus $3.55 for Seagram.

A break-out of Seagram's wine business by *Impact*, the spirits industry newsletter, shows that Taylor California Cellars accounts for about 35% of sales volume, with Paul Masson filling up about 30%. Together, they contribute only 58% of Seagram's retail dollar sales because they are priced below the wine company's average retail price per bottle.



1983 LEADING WINE MARKETERS MARKET SHARE
Comparison Depletions vs. Retail Sales

Source: *IMPACT DATABANK*

Certainly, Seagram does not want to tamper with their more profitable equation. It clearly does not intend to challenge Gallo on sales volume, since price would have to be the determining factor. As Dick Maher, president of the Seagram Wine Co. has pointed out, "obviously there's a certain amount of competition in terms of floor space, advertising lines and cold box position, but our brands are positioned quite differently from Gallo's. Our goal," he states, "is to increase share of profits in the wine business, and not necessarily share of volume." This point was underscored when Marc Henrion, chairman of the wine unit, addressed Impact's annual spirits seminar last spring. "The only sales that will last are the sales built with time by the natural market recognition of value, quality and superiority of products," he declared. Responding to questions concerning the acute pricing strategy the industry has adopted to stir a stagnant market, Henrion crisply replied: "The answer cannot be found either in quick expansion of market share obtained by aggressive promotion, or heavy advertising spending."

Indeed, advertising monies for nearly all the wine companies have been sharply cut back, a recognition of the distressed state of consumption patterns. Gallo, though, is the exception. It spent $25.5 million in 1982 on its most heavily advertised, namesake brand and upped that number to $26.1 million last year. Meanwhile, Coke had reduced Taylor California's spending from $14.8 million in 1982 to $3.2 million in 1983. Seagram too, cut the support from Masson some 50% to $7 million by reducing expenditures for Masson light. And it has not been swift in reestablishing media support for TCC. A budget in the $7 million to $8 million range has been promised to retailers, but few see the money being spent.

Don Hughes, the wine merchandiser for the 12,000-store Safeway chain, complains that "there is less advertising overall going on for the industry — and much less tv." And he doesn't think there is enough radio advertising to offset the diminished tv impact. "I'd like to hear more advertising," he says. "I want consumers to have something to think about in regard to wine."

> **"Seagram contends that expanded volume is not the only rationale for couponing and consumer rebates."**

But his wish is not likely to be answered anytime soon. Most are not advertising because their cost of business is already so high. "A lot of sharp guys have met their Waterloo in the wine business," observes Phil Hiaring, Jr., editor of *Wine and Vine* in San Rafael, CA. "You don't make 10% on your investment. If you're lucky, you may make 5%."

Unfortunately, the situation does not seem to be improving much. "The grape industry in this state gets worse every day," laments James Tresize, president of the New York Wine Council. The situation on the West Coast is only slightly better. The California Wine Institute notes that there was a very slight uptick — 1% — in shipments during the fourth quarter, a trend that seems to be holding up. Hiaring,

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Outlook remains bullish for independent tv

As a group independent stations will tally up more than $2 billion in ad sales this year, and have been more responsible for network audience erosion than any other single force, including cable tv. And as Herman Land, president of the Association of Independent Television Stations proclaims: "This is only the beginning."

Agency BBDO concurs, projecting by 1990 total time spent watching independent programing will leap from the current 18% to 25%. The likelihood is the indy slice of the pie will only get larger, as 25 to 30 new stations a year continue to go on the air, with more than 100 new indies expected to be operational within the next five years.

Surprisingly, the more sophisticated packaged goods advertisers — the likes of Procter & Gamble and General Foods, have allocated the bulk of their spot tv dollars to independent tv stations for the past ten years, according to Howard Kamin, INTV's vice president of marketing.

"The more sophisticated advertisers know they're getting value for their dollar. We've pointed out that the communication is the same, the delivery is the same, the environment is the same in terms of the kind of people you want to reach. The only thing that is not the same is that we give you more people for the same dollar," Kamin enthuses.

Perhaps the greatest testimony to the profit potential of independent television is the entrance into the market of more and more major league players looking for a cut of the action. Gannett, Outlet and Capital Cities are joining the ranks of Tribune Broadcasting, Metromedia and Chris-Craft Industries, companies which have already discovered just how profitable independent television can be. For example, one recent indy sale, in Houston, carried a price tag of $300 million. The national tv rep firms too are competing head on for the growing business from independent stations. Katz Independent TV Co., early on in the race in 1979, formed a complete full service rep company for indies, "not just an indy rep team," emphasizes Dick Goldstein, its president. Some 22 stations, including the prized Metromedia indy stations are being repped by Katz. Just this past summer, a new rep firm, Independent Television Sales, opened its doors as a rep firm for independent stations only.

"It's only now that we see the emergence of strong operations which

I-TOP 25 INDEPENDENT STATION/ NATIONAL ADVERTISERS
FIRST QUARTER 1984

COMPANY	INDEPENDENT EXPENDITURES ($000)	INDEPENDENT SHARE OF SPOT TV EXPENDITURES PERCENTAGE
1. Procter & Gamble	$ 34,699	68%
2. General Mills	12,845	79
3. Warner Lambert	8,834	81
4. General Foods	8,767	59
5. Anheuser-Busch	6,965	83
6. A. H. Robins	6,653	55
7. Kellogg Co.	6,398	75
8. Mars, Inc.	6,105	63
9. Pepsico	5,937	43
10. Time, Inc.	5,798	54
11. Lever Bros.	5,353	35
12. American Home Products	4,140	50
13. Coca Cola	4,094	54
14. Toyota Motor Sales	4,035	38
15. Dart & Kraft	4,025	45
16. Nabisco	3,519	49
17. Reynolds Metals Co.	3,296	64
18. Triangle Pub.	3,227	59
19. Wrigley, Wm.	2,789	72
20. Colgate Palmolive	2,733	53
21. Esmark	2,545	56
22. Gillette	2,385	82
23. Bristol Myers	2,382	58
24. Phillip Morris	2,328	43
25. ITT Corp.	2,123	40
TOP 25	**$151,975**	**59%**

Source: TVB Barcume, January-March, 1984
BAR Special 15-Market Tabulation, for Independent Share

In fact, the sky seems to be the limit as far as the outlook for growth goes. Independent tv stations are now in 81 markets — including 49 of the top 50 — covering more than 80% of the television landscape.

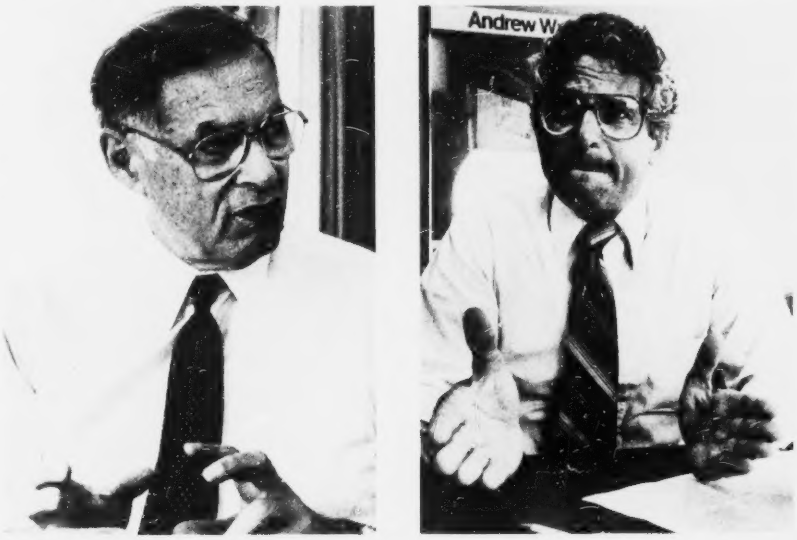
have the financial resources and manpower to mount important new ventures, and you'll see many more of them," predicts Land, whose INTV membership ranks have doubled since 1979, covering 110 of the 209 stations now in service. "That's where a lot of the excitement is, stations combining with producers, syndicators and advertisers in new projects. It used to be that you couldn't mount a successful national programing project unless you made a deal with the networks — now you can with indies as a base."

Today, with their growing numbers and ever-widening market coverage, independent tv stations represent about 65% of programing syndicators' business. "The independent programing schedule is quite different than it was 10 years go," Land explains. "While it remains the home of the best of the network shows, it offers the big feature film packages, sports, more specials and more original programing as well — big league efforts," he enthuses.

Many industry observers, including INTV's president, interpret the Federal Communication Commission's proposed new 12-12-12 ruling on station ownership (12 AMs; 12 FMs; 12 tv stations) as boding well for the future of independent television. Says Land on the new ruling, "On the whole, it will be healthy for independent television and will stimulate interest in expansion, widescale. But the marketplace itself has built-in limitations on availability and price, so it may not go off as swifly as some people think."

But the Hollywood production community, reading the new ruling as advantageous to the networks, had succeeded at press time, in attempting to block or stall the FCC's new ruling. Hollywood interprets the new ruling as increasing the already considerable power of ABC, CBS and NBC.

As the independent television universe continues its upwards ascent, INTV too is gearing up to better serve the needs of its members, drum up new ad revenue and dispel some old notions along the way.



Herman Land, president, INTV (Left) and Howard Kamin, vice president of marketing, INTV.

"There's still a lack of understanding about indy audiences and what a station can sell, and there are certain accounts which lean only towards network affiliates," acknowledges Katz' Goldstein. "Some advertisers tend to think that people who watch indy stations don't drive Mercedes, don't buy perfume, don't buy airplane tickets. I liken that kind of thinking to the people who grew up on newspapers and would not make the switch to television," he postulates.

For the first time in its 13-year history, the INTV last summer began releasing quarterly ad sales reports using Broadcast Advertiser Reports data. The first BAR performance data for the first quarter of 1984 corroborated what INTV says it knew for along time, that the most sophisticated advertisers are also the heaviest users of independent tv stations. In fact, a number of the top independent tv station advertisers allocated the bulk of their spot tv budgets to indies — Procter & Gamble, 68%; General Mills, 79%; Warner-Lambert 81%; Gillette, 82%; and Anheuser-Busch, 83%. In total, the top 25 advertisers on indy stations allocated 59% of their total spot tv billings to independents, or nearly $152 million during the first quarter of 1984. (See table for top 25, page 62.) For 1984, Kamin projects billings up 16%, and a return to normal in 1985, with billings up 12%.

INTV's Kamin projects a healthy

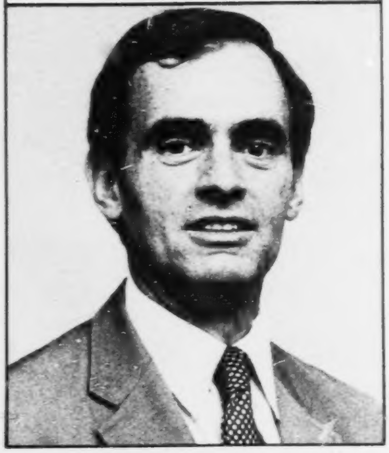
Continued on page 116

weekend time periods, and if they don't include any independent stations programing, the advertiser might be paying a premium for reaching the target adults at significantly less frequency. And the majority of the computer software for media buying has not yet been revised to make the meter data adjustments required.

As much as Arbitron is "qualified" to assist in the numbers calculations, this does not solve the problem for the advertiser who has special timing and target requirements which greatly affect the rate he can negotiate for a given spot on a given television station. And the stations have to be involved from the beginning of the buying and estimating done by the agency. As it stands right now, the agency, not Arbitron, must interpret the meter data and communicate to the stations how it affects the changes in client media expenditures.

So where should the changes in media schedules be made? Cable audiences still don't measure up to Arbitron's minimum reporting requirements for total market penetration. So, this medium can't be the total solution to the concern that affiliates are not delivering the ratings or shares being estimated. Meter data, on the other hand, suggests that programing within dayparts with program titles hard to recall by stations are underrated by previous rating periods. There are changes in shares of adults 25-49 viewing network-affiliated stations in favor of independents. This suggests using more different programs for maximum reach. This recognizes that meters show more fragmented viewing among the same overall number of households using television. ■

RESEARCH
By JOHN S. McSHERRY
Vp., dir. media research
McCann-Erickson, Inc.



Toward better television research estimates

The most recent, comprehensive study of television reach levels was released by the A.C. Nielsen Company in December 1982. It provided a solid base for analyzing reach accumulation patterns for households and various groups of people. Network, cable and spot schedules were reported using data from both metered household and diary panel respondents.

The vast majority of television reach estimates used for media plan analysis and documentation of recommended plans is currently being generated by time-sharing services. Even many buyers of television time with proprietary in-house systems frequently make use of estimates furnished by outside firms. Recently, program modules with packaged programs for reach estimates have started to be released by companies for use with micro computers.

A **Indices of average spot television reach levels for households***

Daypart	Proprietary Agency System	Time-sharing system 1	Time-sharing system 2	Time-sharing system 3	Time-sharing system 4
Day	100	108	107	119	115
Early	100	96	101	114	112
Prime	100	106	106	102	115
Late	100	111	95	137	119
Weekend Sports	100	109	105	121	110

* Average reach levels for 50, 100, 150, 200, and 500 GRP's

B **Average reach level comparisons for 8 prime network schedules**

	Nielsen		Proprietary agency system		Time-sharing system	
	W18-49	M18-49	W18-49	M18-49	W18-49	M18-49
Reach	67	59	63.7	54.2	58.4	49.7
Index	100	100	95	92	87	84
# Estimates closer to Nielsen	—	—	7	7	1	1
Average absolute difference in reach points	—	—	3.6	6.1	8.7	10.2

As we move forward with "state-of-the-art" hardware for media analysis, perhaps we should take a look at some of the reach estimates generated from these systems to see how they compare with Nielsen empirical estimates. Does "state-of-the-art" hardware necessarily produce "state-of-the-art" media estimates? What factors should be taken into account for good estimates? Are you aware of the quality of your estimates and their fit for your actual buys?

During 1983, a comparison was made of average reach estimates from four time-sharing systems with a proprietary Agency reach system. The differences in reach levels were considerable. (See Chart A.)

A 44% difference in spot television reach levels was found for late fringe with differences for other dayparts being smaller. Although Nielsen reported spot television reach estimates in the previously mentioned report, it did not seem appropriate to compare these estimates with Nielsen data since there was no certainty that assumptions about commercial rotation could be kept constant. One system could assume two commercials per program, another four, etc. The key thing here is that the estimates were significantly different. Higher reach levels will be obtained with more schedule dispersion; lower reach levels with less. Do your spot reach estimates realistically reflect your typical schedule's dispersion?

A closer examination of network television reach estimates was made with Nielsen, a proprietary agency system, and one time-sharing system for all major dayparts. Here it was possible to take into account the number of announcements per program and keep this controlled for comparisons. (See Chart B on opposite page.)

There are those who would ask, "Does it really matter what the reach level is as long as estimates are relative and consistent?" It does matter if we have any expectation of ever understanding the marketing payout of various media plans. As we learn more about frequency response and decay from non-exposure, it is essential that we apply this data to the most realistic reach and frequency estimates to assess the probable impact of alternate media plans.

Factors that should be accounted for with reach estimating systems.

Primitive reach systems exist along with more exacting models that account for major variables influencing reach. Besides weight levels (GRP's), the following factors should be taken into account by daypart:

1. Unique reach accumulation patterns of households and each individual demographic group. Each person group and households accumulate audience at different rates. At low rating point levels, these accumulation patterns will be associated with average rating levels for the different groups; at high rating point levels, reach levels across groups will be more reflective of weekly daypart potential audience relationships (weekly potential can be defined as the percentage of the group that viewed any television in the course of one week). For example in prime time: (See Chart C.)

C **Indices of Ratings and potentials**

	HH	CH 2-5	Women 55+
Avg. rating relationships	100	45	88
Weekly potential relationships	100	90	95

D **Household reach levels — prime (2 or 3 networks)**

	Commercials:	7	7	7
GRP's	Programs:	7	3	2
100		62	54	46

E **Household reach levels**

	100% Serials	100% Quiz
100 GRP's	45	50

F **Household reach levels — Prime (1 network)**

	Commercials:	7	7	7
GRP's	Programs:	7	3	2
100		59	51	44

2. Commercials per program. Program dispersion as reflected by the average number of commercials per program is critical. To illustrate, the following range in reach levels is possible as a function of commercials per program: (See Chart D.)

3. Number of networks or stations. To illustrate the effect of one station or network on the former reach levels which assumed two or three networks, the following reach levels would result: (See Chart E.)

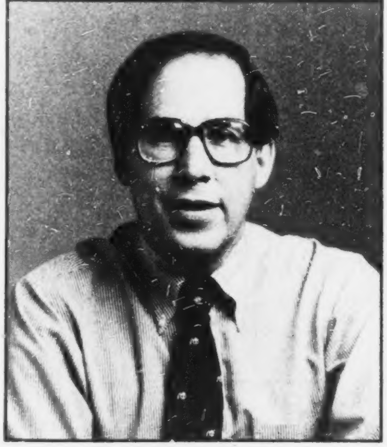
4. Concentration in specific programing types that maximize/minimize reach. Schedule concentration in some program types such as daytime series will limit reach levels. For example in daytime: (See Chart F.)

Speed, volume and reliability

Time-sharing programs offered users speed and the capability of analyzing many media plans in depth. Microcomputer media programs are now offering users new economies in the processing of schedules. I'm afraid that many users have been paralyzed by these systems and the volume of data that they generate. Masses of data are being generated and number paralysis may have stopped users from questioning the reliability of the data. You owe it to your clients and yourselves to stop to take a closer look at the data and its goodness of fit with empirical data. ■

OUTDOOR

By RONALD B. KAATZ
Senior vp, U.S. director
of media concepts,
J. Walter Thompson, U.S.A.



On the selling of outdoor: Part II

In Advertising 101, I remember reading that if you used the words "free," "guaranteed results" and "easy to use," your message was bound to get attention.

Building a real desire for your product or service, however, always took extra effort. You'd better have offered some proof that what you were talking about could work.

At last year's OAAA Conference at the Greenbriar, I suggested that the outdoor industry could generate significant new advertising dollars from the cable industry.

- Local cable systems, eager to sign up new subscribers, would find outdoor geographically pinpointed within their franchise areas.

They'd receive high visibility and no waste circulation.

- In terms of creative strategies, it was hard to imagine anything more powerful than a board for a pay service near the entrance to a shopping center (with its four screen cinema) saying: *The Top Movies at Home Cost Less Than the Popcorn!*

Paradise Plus!

GAIN UP TO 87% OF THE VITAL SAN DIEGO COUNTY MARKET WITH A COMBINATION OF DISPLAY ADS AND NONSUBSCRIBER DIRECT MAIL.

Your display advertising in The San Diego Union and The Tribune reaches 55 percent of all the adults in Paradise. This is the primary media buy in this isolated $20 billion market.

You can cover up to 87 percent in San Diego by including "Union-Tribune Plus" with your newspaper advertising program. Here's how it works. Each week a tabloid-size feature section, which includes the top editors and columnists from both morning and evening newspapers, is mailed to non-subscribing households.

Buy both.

Include your preprints or display advertising from your Union-Tribune buy in this special weekly edition and increase your coverage to virtually all San Diego County households.

The cost is surprisingly low. Union-Tribune display advertisers may lift their ROP ad into "Union-Tribune Plus" for only 50 percent of their contract rate. Preprint and non-advertiser rates are equally low. Call Al Larranaga at the Union-Tribune (619) 293-1436 or ask your Sawyer-Ferguson-Walker representative for more information.

The San Diego Union
The Tribune
Member of Newsplan
Represented nationally by Sawyer-Ferguson-Walker

VCRs: *continued from page 50*

between cable and broadcast and now VCRs are another wrinkle in that struggle," she comments. "Time shifting will significantly affect cable and broadcast viewership patterns as well as advertising. When you did a media plan you used to be able to determine your audience based on ratings and past experience. Time shifting makes that determination difficult."

Advertising could either gain or lose an audience, depending on how timely a message is, notes Rosen. "VCR use could take away audience for a show immediately airing if the viewer is watching a prerecorded program. Or, advertisers could gain viewership as VCR users add themselves to the program's audience through recording. The major significance of time shifting is the shift to viewer control," she adds.

Nielsen's finding that nearly half of VCR users regularly skip through commercials during playback is most disturbing to advertisers. More than a third skip through commercials at least 75% of the time. The reason: an impatience with commercials and a desire to get on with the program. "It's not unreasonable to equate VCRs with zapping," comments John Swallen, associate director of media research for Ogilvy and Mather.

Between the ravages of time shifting and zapping, many agencies feel that advertisers may not get their money's worth in tv advertising in VCR households. "Considering that viewers have less than one in three chances of seeing another commercial when simply switching channels out of curiosity, VCR owners' ability to consciously zap commercials will be a big problem for advertisers," says Tathem-Laird and Kudner media research director Audrey Lind-Lessinger.

Agencies suggest that VCRs, in changing the nature of tv viewing, will catapult advertisers into rethinking their commercials' format. "VCRs will cause the whole nature of advertising to change," says DFS associate director of electronic media, Erica Gruen. "There will be a shift from intrusive to non-intrusive properties as advertisers develop new formats and incentives for people to watch commercials. VCRs will alter some of the basic premises of what tv advertising is," she declares. Steve Fajen, senior vice president and director of media for Compton Advertising, which projects a 60% penetration by 1995, concurs. "The structure of commercials as they currently exist will change. What we are looking at is careful integration of commercials which will be entertaining, effective and non-obtrusive."

By Needham, Harper and Steers reckoning, VCR owners are a potent "core" audience for advertisers. "There's a new growing reserve of audiences comprised of people taping and playing back which gives long life to tv programs. That's a plus value from the advertiser perspective but it could also change the thrust of commercials to appeal to a different type of viewer," believes NHS executive vice president Richard Anderson. As an example, he cites a potentially expanded audience for daytime soaps, which could include women working during the day who set their VCRs for afternoon taping. The caliber and content

> **"There's a new growing reserve of audiences comprised of people taping and playing back which gives long life to tv programs. That's a plus value . . ."**
>
> RICHARD ANDERSON,
> Executive vice president,
> Needham, Harper, Steers

of daytime soap commercials would change, therefore, to appeal to those women with higher personal disposable incomes. "Time shifting and zapping is overwhelmingly used and this will precipitate the need for commercials to have a second dimension — entertainment," he adds. Commercials, will have to take on the texture of entertainment possibly a vignette form, such as those used on broadcast by Bud Light and Miller Lite. "They've got to have a life of their own to sustain themselves on tv or in made-for-VCR programs."

> **"It's going to take an entrepreneurial spirit to take advantage of VCR opportunities. Creatives and media people are going to have to work more closely than ever."**
>
> JEFF LAWENDA,
> Chairman,
> Chelsea Communications

Jay James, senior vice president of Doyle Dane Bernbach, agrees that VCRs could offer a large scope for advertisers given appropriate re-formulating. He is recommending to clients that programs themselves be commercials and that direct ads be positioned within the context of a subject-related network or program. For example, DDB will be producing a series of magazine-type programs for its client Weight Watchers, to be used on the cable network, *Lifetime*, which will then be edited into a videocassette series and sold through Weight Watchers' salons.

In a similar vein, Ron Kaatz, U.S. director of media concepts for J. Walter Thompson, is recommending that clients look into the how-to market which appears to be compatible with VCR use. "VCRs can have educational opportunities for selective products," he claims, emphasizing the need for subject tie-in to commercials. He notes, as examples, the possibility of Atari producing a VCR show on home computers or Kodak a show on great photography by women.

Many advertisers who approached cable with pioneering gleam in their eyes are also venturing into VCRs as a new frontier. Clorox, which is producing *Seeing Stars* on USA is exploring infomercials and instructional programing for VCRs. Bob Bolte, Clorox's director of media services, is bullish on that technology. "I wouldn't be surprised if VCRs replace cable as an advertising vehicle," he asserts. "As we become more of a visual society, advertisers will have to devise appropriate formats to capture viewer attention. Tailoring to the medium could be expensive, but the benefits of targeting an audience on VCRs could be greater than on cable," he claims.

Owens Corning, which for the past three years has been underwriting the 26-part "This Old House" series on PBS, may tape sections of that show for a do-it-yourself videocassette. "A better informed public is a valuable precedent to buying our products," says marketing communications manager for the Interiors Division Glen Osborne. "VCRs can be an entertaining and marketing medium."

James Spaeth, group manager, strategic planning and research for General Foods, which produced "Women's Day USA" on the USA network (1982-83), considers VCR use for advertisers an "intriguing possibility for service programing that shows some product application or product benefit." However, Spaeth is primarily concerned about the inclusion of VCR tuning in the Nielsen rating measurement, a practice he claims "misrepresents advertising value." Zapping is

Strangers In Paradise

San Diego. It's Paradise — in more ways than one. San Diegans revel in its temperate climate and style of living. But those who have products to sell, relish even more its $20 billion worth of buying power! And that's just the income from those who live here.

Each year, we have thousands of strangers who flock to Paradise. Last year alone, they spent over $1.4 billion in San Diego. That amount promises to go even higher with this summer's Olympic games and the planned opening of a new convention center in 1985.

How can you reach Paradise? Simple. Buy The San Diego Union and The Tribune. They reach 55 percent of all adults in San Diego in just one daily combination. What's more, you can reach 84 percent of the $35,000+ households in a five-issue campaign.* The basic Los Angeles buy just can't do that. In fact, The San Diego Union and The Tribune deliver eight times the penetration of any Los Angeles newspaper in San Diego.

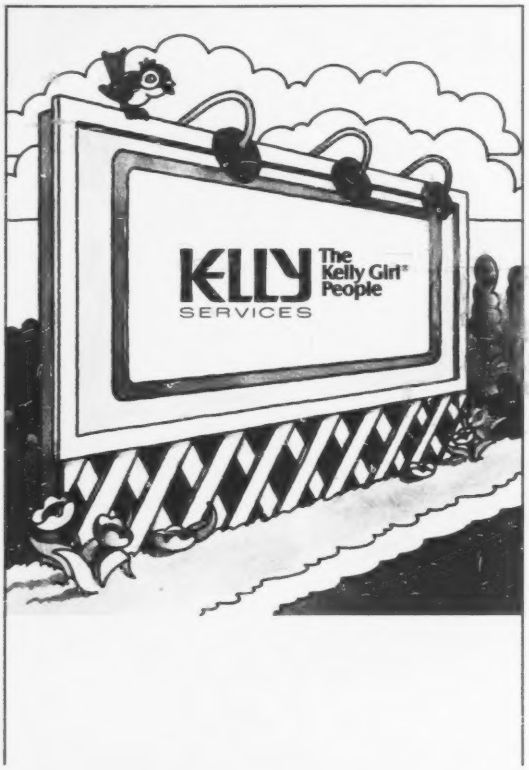
So make sure *you* aren't a stranger in Paradise. Reach the residents and those who'd love to stay by advertising in The San Diego Union and The Tribune.

The San Diego Union
The Tribune
Member of Newsplan
Represented nationally by Sawyer-Ferguson-Walker

*1983 Scarborough Study

Kelly Marketing checks billboards for America's largest outdoor advertiser.

©1984 Kelly Services, Inc.



Now what can Kelly do for you?

When a national company wanted to know if their cross-country billboard buy was effective, they found Kelly Marketing a cost-effective answer across the board. Kelly monitored thousands of postings–on billboards and bus cards–in over 70 locations. Without overhead! Without overtime! Without costing their sales force time!

The Marketing Division of Kelly Services has qualified temporary help to manage just about any routine marketing task you might have–just about anywhere. With 460 branch offices across the U.S. and our exclusive Video Training Network, we can teach qualified people to handle even detailed assignments.

And you're assured satisfaction with Kelly's 100% guarantee!

For more details on what Kelly Marketing can do for you, call or write Bob Williams, GPO Box 1179, Detroit, Michigan 48232, (313) 362-4444.

KELLY SERVICES The Kelly Girl® People

costing General Foods at least $1 million in network audience loss annually, says that company's director of media services Dave Braun. Such a fact should be rationale enough for Nielsen to change its measurement practice, claims Braun. "Given the evidence that at least two thirds of VCR off-air recordings are played back without commercials, the current practice of including VCR reception in Nielsen ratings does not clearly indicate advertising value," asserts Spaeth. "Ratings should only reflect what comes out the front end of the television." At the prompting of five of its other clients, in addition to General Foods, Ted Bates is asking Nielsen to stop including VCR tune-in data and start measuring audiences for commercials as well as for programs, which is now technically feasible. Nielsen executive vice president William S. Hammill says he's looking into the request.

"VCRs touch on all the villainous elements representing the most legitimate concerns as to how tv is viewed and the ability to measure viewership.

In addition to program possibilities, VCRs could offer investment opportunities, claims Jeff Lawenda, chairman of Chelsea Communications, a packager and marketer of tv programs for advertisers. Emphasizing the aftermarket consideration as incentive for advertiser participation, Lawenda notes, "The ownership advantage could generate ancilliary revenue. Advertisers could, for instance, own a percent of the video right of a cable or broadcast program they are sponsoring and then use those revenues to experiment with VCR commercials," he suggests. Creative and media people at the agencies will have to work more closely than ever to make commercials "both appealing and informative," Lawenda says. "It's going to take an entrepreneurial spirit, similar to that required when advertisers got into cable as programers." *Judith Reitman* second and third quarters in part because "advertisers, the more savvy ones, recognize that viewing of independent stations is greater in second and third quarters because at that time two thirds of the affiliates programming is reruns, and viewers make a shift then and watch more independent television."

INTV asserts that it will be doing much more with its BAR data than just peddling it around town. INTV has defined target categories, "Many times we would walk into agencies and hear them say that they did not have any problems with independent stations. And we had no way of saying, 'oh yes you do.' Now we're able to specify who the problem advertisers are and find out what the client's objections and reservations actually are," Kamin explains. INTV has a hit list of 25 product categories that are underspending on independent stations among them financial services, airlines, telephone companies, car rentals and leasing firms, computer companies, newspapers, department stores, car makers and discount department stores.

In addition, the association has formed a Representative Advisory Committee, which will have the national rep firms using the new BAR data plus Simmons product-use information and Cluster-Plus geodemographic data in their joint presentations to agencies.

INTV will also be making a new major presentation, "Why Minimum Rating Point Restrictions No Longer Serve Advertisers' Needs," a pitch for the cume concept, which INTV says is beginning to catch on at major agencies. The cume concept approach involves selling packages of low-rated spots for a discount.

II — TOP 25 SPOT TV ADVERTISERS INDEPENDENT STATION USAGE

JANUARY-MARCH 1984

COMPANY	TOTAL SPOT TV EXPENDITURES ($000)	INDEPENDENT SHARE OF SPOT TV (PERCENTAGE)	INDEPENDENT EXPENDITURES ($000)
1. Procter & Gamble	51,028	68	34,699
2. General Mills	16,259	79	12,845
3. Lever Bros.	15,293	35	5,353
4. General Foods	14,860	59	8,787
5. Pepsico	13,806	43	5,937
6. A. H. Robins	12,096	55	6,653
7. Nissan Motors	11,771	33	3,884
8. Warner-Lambert	10,906	81	8,834
9. Time, Inc.	10,737	54	5,798
10. Toyota Motor Sales	10,619	38	4,035
11. Ford Motors	9,872	28	2,764
12. Mars, Inc.	9,690	63	6,105
13. Dart & Kraft	8,944	45	4,025
14. General Motors	8,652	27	2,336
15. Kellogg Co.	8,530	75	6,398
16. Anheuser-Busch	8,391	83	6,965
17. American Home Prod.	8,280	50	4,140
18. Coca Cola Co.	7,582	54	4,094
19. Nabisco Brands	7,182	49	3,519
20. Colonial Penn Group	6,766	43	2,909
21. Beatrice Foods	5,892	22	1,296
22. Richardson-Vicks	5,723	43	2,461
23. Trans World Corp.	5,719	18	1,029
24. Triangle Pubs.	5,516	59	3,254
25. MCI Communications	5,496	31	1,704
Top 25	**$279,610**	**54%**	**$149,824**

Source: TVB: Barcume, January-March 1984
BAR Special 15-Market Tabulation for Independent Shares

While some of the majors, notably Benton & Bowles, do not buy the cume concept, others such as Ogilvy & Mather, BBDO and Cunningham & Walsh do prescribe by it. Benton & Bowles' Phil Guarascio, senior vice president, director of media management, explains, "I'm not a big fan of the cume method, it gets in the way of the negotiation process and we prefer average quarter-hour ratings." He notes that while he is opposed to the cume principal in general, he does give credit to INTV for exploring new ways to execute tv spending. "Believe me, we spend $150 million in spot tv a year at this agency and we don't labor under the indy station stigma. Most of the major advertisers spend a ton in fringe time periods and its does not make any difference whether they're indies or affiliates, but rather what the programing is and what's its going to do."

Leo Burnett, in Chicago, has no agency policy regarding the cume method. Willard Hadolock, vice president, media, says the agency simply "tries to buy the best spots at the lowest cost. The indies complain that advertisers sometimes overlook them — well, indies are paranoid and they have been for a long time," he says. "From our point of view, it doesn't matter if its an independent or affiliate station, but which is the better programing and better numbers."

But it is somewhat surprising that after 20 years, some agencies still feel the way they do about independent tv, points out B&B's Guarascio. "Especially considering how some of those agencies embraced some of the shakier cable networks with relative ease, but would not accept indies."

There are a lot of theories as to why that stigma still exists. One is just lack of marketing expertise, and another, the number of new advertisers in television who believe they need network television for early and fast impact. "The new advertisers, like the computer companies all want to be on shows like *Dynasty* or late night news, and that's understandable, but they

INDEPENDENTS: *continued from page 116*

III — TOP 20 SPOT TV CATEGORIES INDEPENDENT STATION USAGE

JANUARY-MARCH 1984

COMPANY	TOTAL SPOT TV EXPENDITURES ($000)	INDEPENDENT SHARE OF SPOT TV (PERCENTAGE)	INDEPENDENT EXPENDITURES ($000)
1. Food & Food Products	183,757	44	80,853
2. Automobiles	135,507	30	40,652
3. Confectionary & Soft Drinks	51,312	58	29,761
4. Toiletries & Toilet Goods	48,948	52	25,453
5. Travel, Hotels & Resorts	48,794	20	9,759
6. Proprietary Medicine	44,851	55	24,668
7. Consumer Services	42,670	25	10,668
8. Publishing & Media	37,215	43	16,002
9. Soaps, Cleaners & Polishes	32,636	56	18,276
10. Household Equip. & Supplies	29,223	47	13,735
11. Beer & Wine	28,016	48	13,488
12. Insurance	22,018	43	9,468
13. Apparel, Footwear & Accessories	20,929	47	9,837
14. Gasoline, Lubricants & Other Fuels	17,231	30	5,169
15. Home Electronics Equipment	15,843	58	9,189
16. Pet Foods & Supplies	13,152	43	5,655
17. Office Equipment, Computers & Copiers	11,747	23	2,702
18. Sporting Goods & Toys	10,343	82	8,481
19. Agricultural & Farming	8,537	16	1,366
20. Jewelry, Optical Goods & Cameras	7,236	63	4,559
Top 20	**$809,965**	**42%**	**$339,701**

Source: TVB: Barcume, January-March 1984
BAR Special 15-Market Tabulation for Independent Shares

need to be educated," maintains Dick Block, executive vice president of television and news at Metromedia. Metromedia just went on the air July 30 with its new indy KRLD-TV, Dallas, the sixth indy in that burgeoning sunbelt market.

Over at WNOL-TV, the new indy in New Orleans, which signed on last March, station manager Hal Protter offers another theory. "Agencies still resent how outfits like U.S. Media and other buying services 15 years ago could buy bulk time for 40% cheaper than they could. To protect themselves, then, agencies would not include indies on the media schedules," asserts Protter.

The worst category by far for buying independents, according to Protter, is lawnmower manufacturers, "who may know a lot about blades but nothing about marketing." Automobile companies used to shun indy stations too, but that situation has improved in the past five years, he says. "Chrysler was a big problem until a Lever Bros. executive with packaged good marketing experience came on the scene," he recalls.

Even though independent television is on its ascendency and "has broken through the barriers, becoming more accepted with new generations of viewers and advertisers," there are some clouds on the horizon.

INTV's Land refers to an imminent battle over the National Collegiate Athletic Association's broadcast rights. When the Supreme Court declared last June that the NCCA's $281.3 million worth of contracts with ABC, CBS and Turner Broadcasting System violated antitrust laws, the independent stations presumed they could now enter into the bidding for the games. "It appears that the big 10 are now entering into agreements with ABC in particular which are duplicating to some extent the very patterns of antitrust behavior that the Supreme Court overruled. The association is studying the matter and may soon take legal action," Land says.

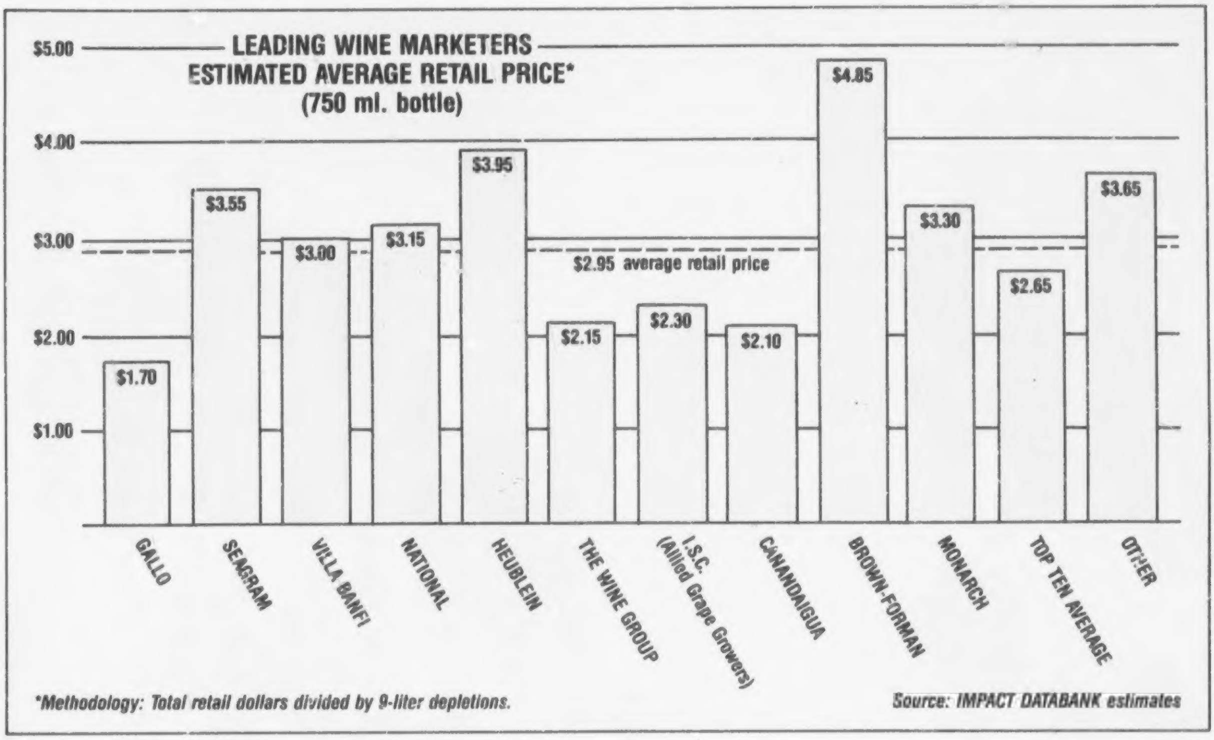
On another front, the continuing problem with cable copyrights remain unresolved, as independent tv stations coming on experience difficulty in getting picked up on cable systems. INTV is pushing for future legislation that would recognize exlusivity and must carry.

Yet another problem on the horizon, is what impact changes in the new tax laws will have on the growth of independent television business. Entrepreneur Hal Protter at WNOL-TV in New Orleans worries that if the new laws tighten up limited partnership deals making it harder for investors to write off risks, independent station ownership won't be nearly as attractive.

And if all that weren't enough, INTV is waging a grass roots effort against local prohibition movements springing up across the country. In mid-summer a group of state legislators met in Boston to vote on a measure prohibiting beer and wine advertising during prime time programing. The issue was defeated 26 to 3, but the INTV is enouraging its member stations to step up their efforts in public services to educate on abuse of alcohol.

Marianne Paskowski

WINES: *continued from page 58*



**Methodology: Total retail dollars divided by 9-liter depletions.*

Source: IMPACT DATABANK estimates

though, sees some hope. "Three weeks of hot weather have caused a grape skin shatter problem, which could reduce the crop," he thinks. Although it's early, we note prices for Thompson seedless and Burger grapes are slightly higher than last year."

To spur sales, discounting has become the favored merchandising tool. Gallo is selling for $5 a 4-liter jug, about a 25% reduction. Almaden and Inglenook brands are both on sale. Even Seagrams has been forced to cut prices on some of its brands — mostly the already lower-priced TCC. Taylor's liter and a half-sized bottles are being sold with necktags proclaiming a $1.50 rebate offer. At Walgreen's in Chicago, the retail price is $10 for three, and at Home Liquors in New Jersey, the cost is $3.79 a bottle. Final cost to the consumer could be as low as $1.75 for 53 ounces. And a recent coupon program in California featured the four major Seagram brands — TCC, Masson, as well as the two imports, Parteger and Black Tower.

But Seagram contends that expanded volume at the expense of price is not the only rationale for couponing and rebates. A company official notes that these techniques give retailers good reasons to expand the facings of the brands, and also encourages consumer trial of the product.

"Seagram has the personnel to do a first rate job, and they are long-term oriented in their approach. Their distribution is the best in the business."

Under indulge yourself.
MASSON LIGHT
LIGHT CHABLIS
PAUL MASSON

Retailers say the Seagram lineup is enjoying a good summer. Gerald Schneider, wine and spirits buyer for the Walgreen's drug store chain in Chicago, reports that "the Seagrams sales force is certainly being aggressive." He places both Masson and TCC among the top six sellers, with Gallo, and Carlo Rossi holding the number one and two positions. Safeway's Hughes tracks TCC as the chain's third best seller, in tight competition for the second slot with Almaden. Gallo, naturally, is the top mover. "Paul Masson," says Hughes, "is coming up."

Coke's strategic positioning for Taylor has worked so well that Seagram is continuing the last campaign created by Kenyon & Eckhardt for the brand. Copy stresses, "wine of extraordinary quality at an affordable price." Although Seagram is pondering new ad strategies, Maher has said, "It seems that the old strategy was very successful in building Taylor California Cellars. We see no reason to change it." So far, K&E retains the business despite a six month review of the marketing advertising strategy by the client.

The positioning for Paul Masson, on

the other hand, involves some snob appeal and a subtle claim for aged-in quality. Two years ago the stately British actor John Gielgud replaced the ample Orson Wells as spokesman for the brand, to provide a genteel form of association. Creative for Doyle Dane Bernbach's campaign continues to utilize the line, "We will sell no wine before its time."

Media expenditures for Paul Masson, according to Doyle Dane Bernbach account supervisor Virginia Perry, will continue in the range of last year's $7.1 million. Of that, about 95% goes into television.

This year, Seagram will spend in the area of $30 million for all its brands, which compares favorably with an estimated $33 million Gallo outlay — although the brothers will be putting $27 million going into their flagship brand. Overall, the Seagram Wine Company is spending competitively with Gallo for its share of the business in terms of retail dollars. But Gallo has six brands to support as compared to 18 for Seagram. Consequently, Gallo is able to saturate television and develop enormous presence, while Seagram must spread its media investment across four major entries. Seagram will spend on Taylor and Paul Masson about a third of what Gallo invests in the namesake brand.

NOW WE'RE THE ONE.
THE SEAGRAM WINE COMPANY
Profitable wines in every case.

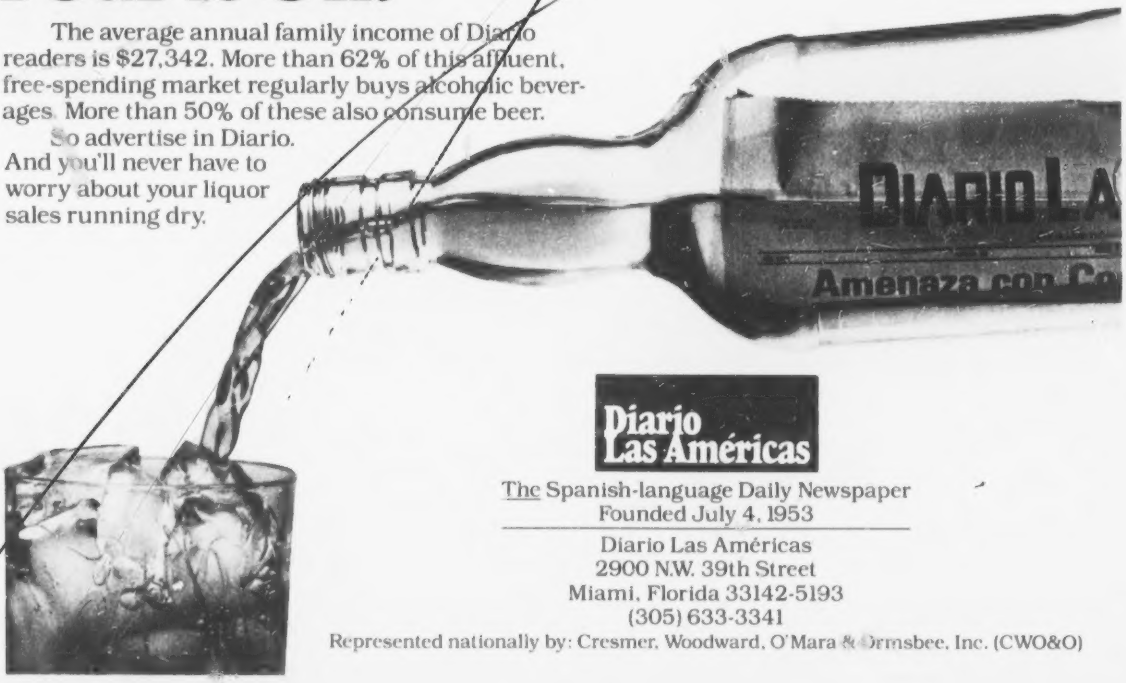
Gallo is continuing to push its aggressive pricing and volume strategy relentlessly onward, while Seagram segments, diversifies and builds. The contest in branded wine marketing is just now beginning in earnest.

Fred Gardner

Diario Las Américas Readers Pour It On!

The average annual family income of Diario readers is $27,342. More than 62% of this affluent, free-spending market regularly buys alcoholic beverages. More than 50% of these also consume beer.

So advertise in Diario. And you'll never have to worry about your liquor sales running dry.



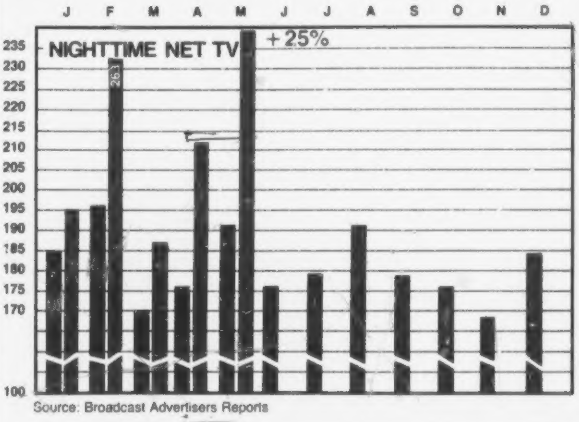
Diario Las Américas
The Spanish-language Daily Newspaper
Founded July 4, 1953

Diario Las Américas
2900 N.W. 39th Street
Miami, Florida 33142-5193
(305) 633-3341

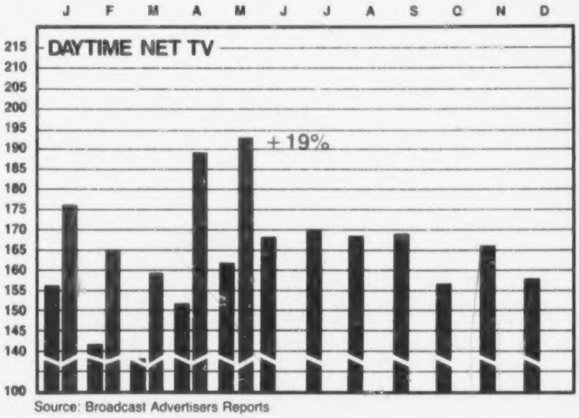
Represented nationally by: Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

MEDIA COST INDEX

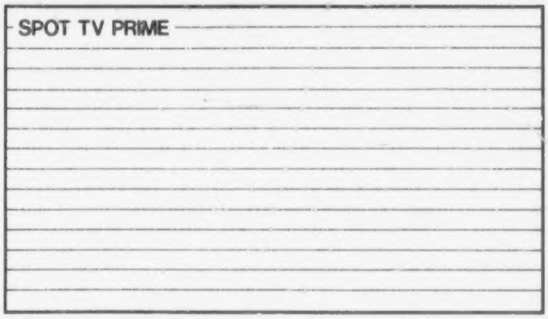
Black bars index for 1983; color bars 1984; base year 1977

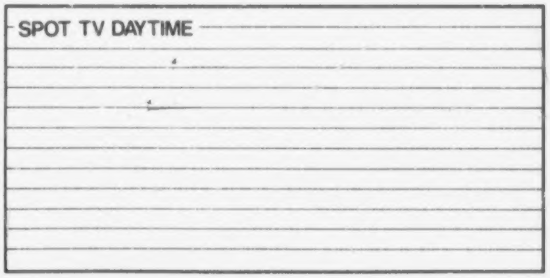


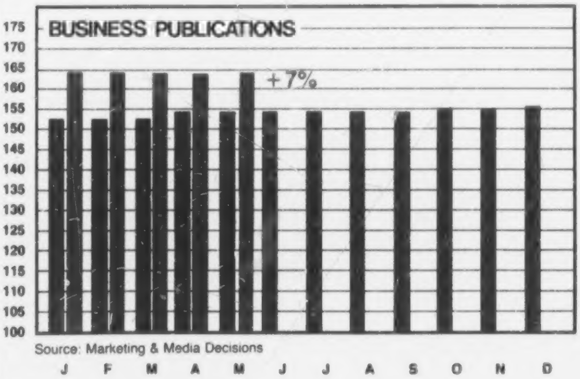
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports







Source: Marketing & Media Decisions

Decisions' annual Forecast of Media Cost for 1984 (M&MD Fall Special, P. 28) is holding up rather well in relation to what increases have occurred. That is, if one does not look at the broadcast media, the most difficult segment to try and evaluate in advance.

In the **network tv** categories, forecasts of 8-9% increases have been overshadowed by reports of 12-25% increases in **daytime** and 10-34% (Olympics) in **nighttime. Network radio's** increase was estimated at 9%, a level that has not even been approached in the first five months as mostly negative changes have been reported. **Spot radio's** first report of +20% for the first quarter is well ahead of the forecast of 8.7%.

In print media, only **supplements** have been running contrary to what the media experts have forecast — up 17-22% against an esimate of 7.9%. **Business papers,** forecast at 7.3%, have been coming in on target. **Outdoor,** forecast at 9.8%, is also on target. **Consumer magazines,** running at about +8%, are close to the forecast of 9%. **Newspapers'** report of gains of 9-11% should average to the forecast of 9.3%.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

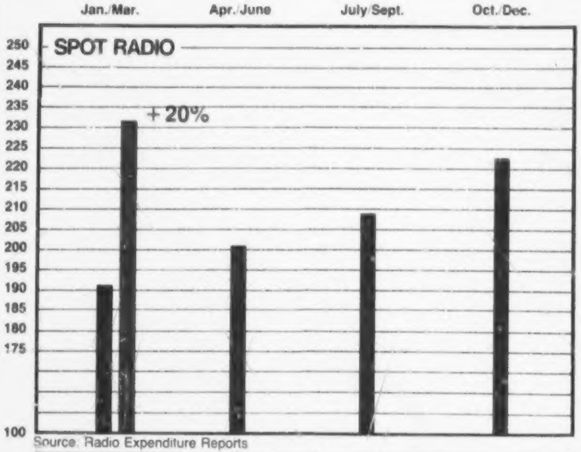
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

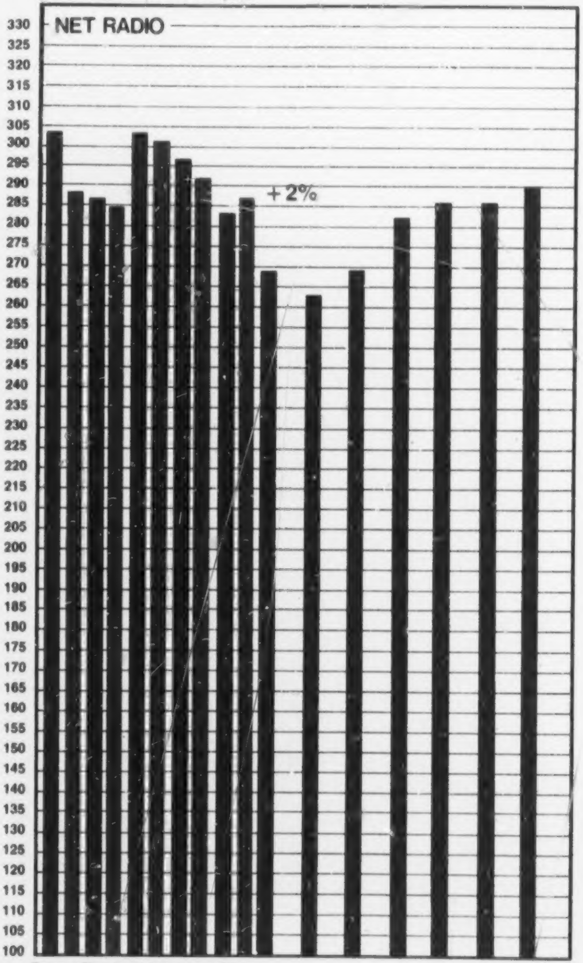
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

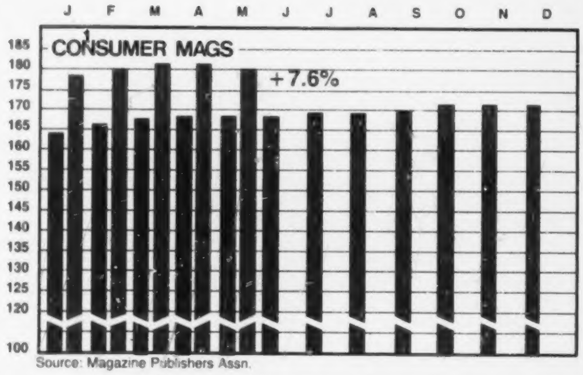
Black bars index for 1983; color bars 1984; base year 1977



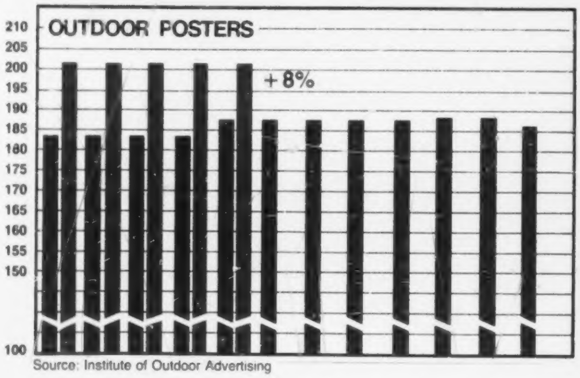
Source: Radio Expenditure Reports



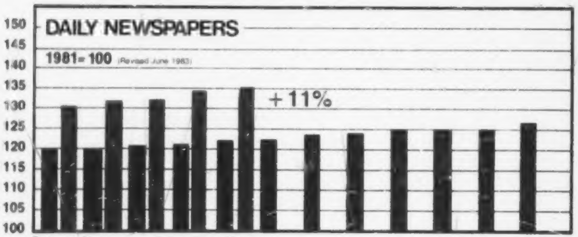
Source: Broadcast Advertisers Reports



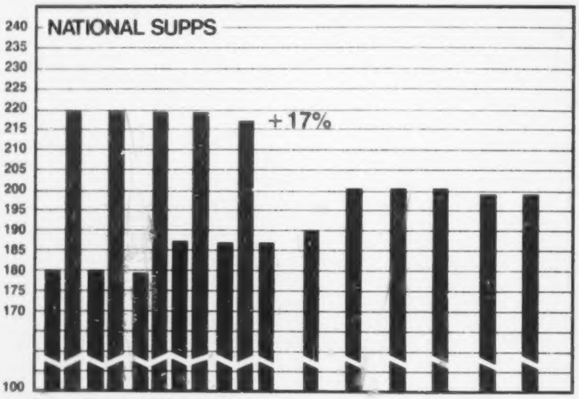
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

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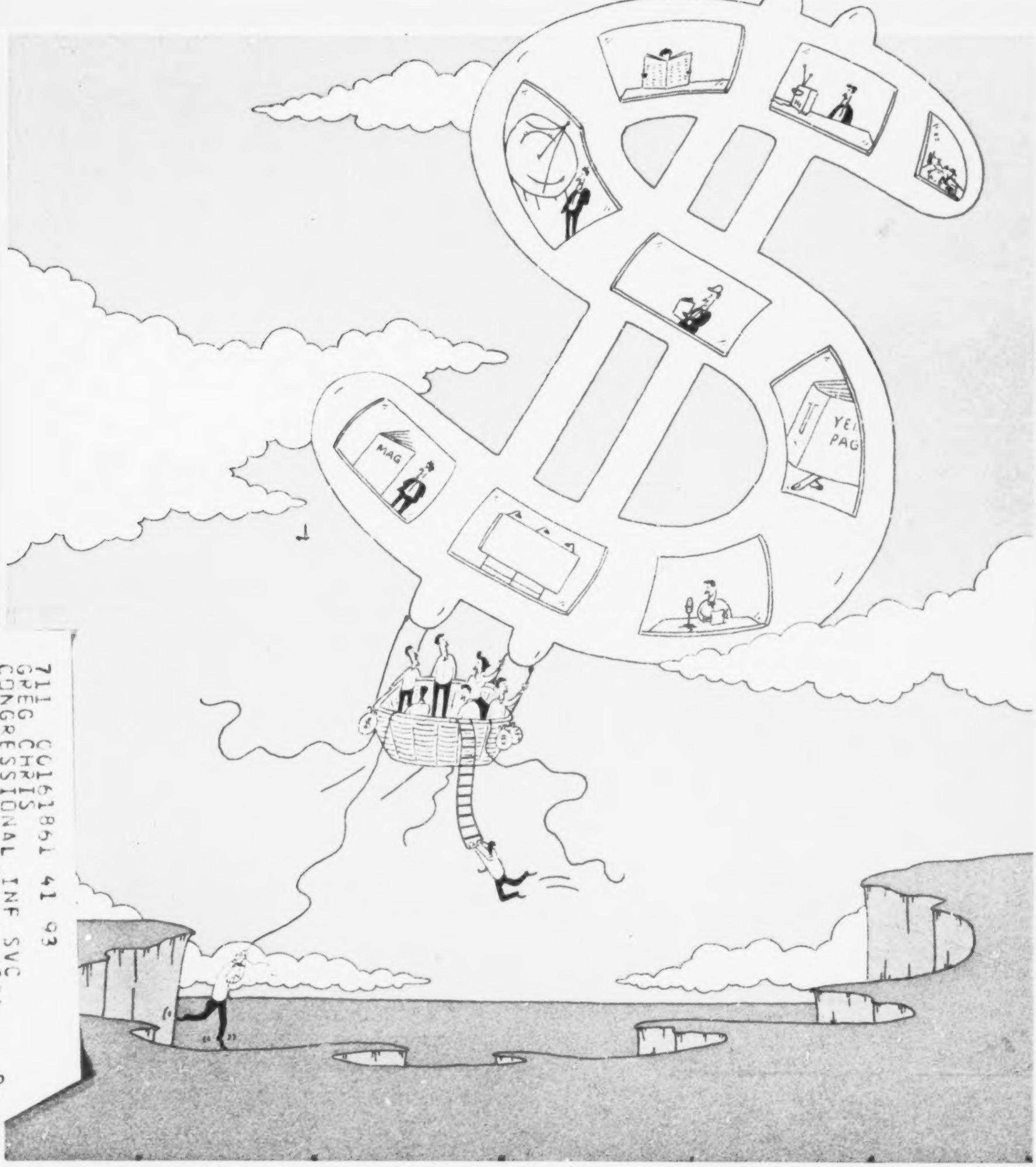

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MEDIA COSTS

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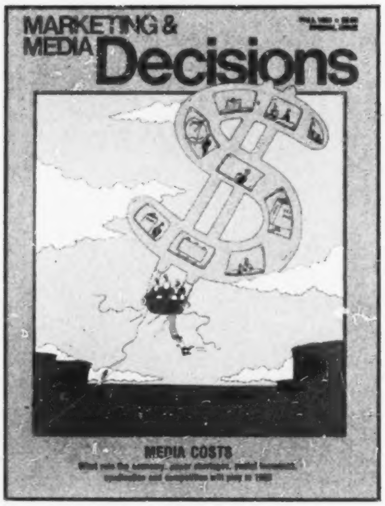

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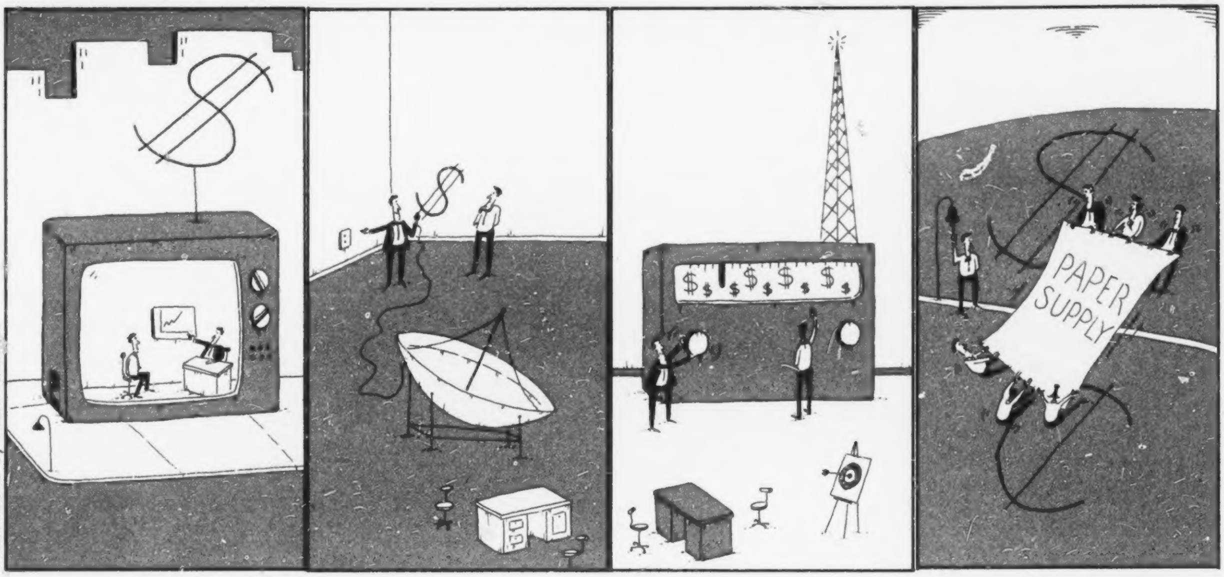


Illustrations by Mark Ksenia k

1985's signal: Still green,

This special issue has a clear and important aim: to shed light on where media costs are headed for the upcoming year, and to look into factors affecting prices in each of the major media categories.

To help us in this task, we have culled opinions from the recognized experts in the field. A questionnaire was mailed to media directors around the country, asking them to share — anonymously — their expectations on media costs for the 1985 year, and to contrast it with the actual prices paid in 1984. We received a very gratifying response, the results of which can be viewed on the following tables. Incidentally, this year *Marketing & Media Decisions* has included a full, four-year track record, noting the anticipated and actual cost changes for the years 1980-1984. We hope that you find this revised index helpful.

In addition, we are fortunate this year to have the input of Robert J. Coen, senior vice president of McCann-Erickson, and the unofficial "official scorekeeper" of media economics. Bob has prepared a forecast on media trends covering 1985 through 1988. And once again, we feature the highly regarded cost study compiled by Ted Bates. Also this year, we have inaugurated a section where leading economists and analysts set out their predictions for the nation's economic health, and the impact on media spending.

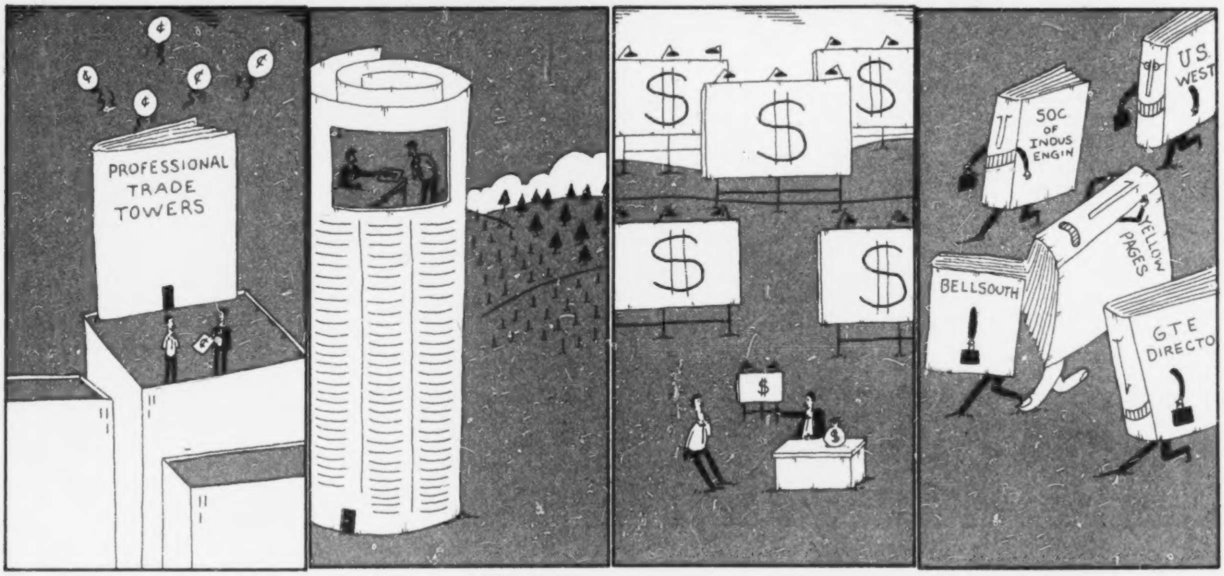
Naturally, we sought out the opinions of advertisers, executives at the various media companies, as well as agency professionals, regarding the why's, how to's, and solutions to higher media costs. We thank you all for sharing your analyses with us.

The consensus of opinion seems to be, that on average, media units will cost 8.9% more in 1985 than they did in 1984. Last year's prediction of a 9.4% average unit gain proved to be close to the mark. Costs, according to our survey, actually rose some 9.5%.

While on average, media prices appear to be moderating, several disturbing indicators are still lurking around to prick optimism. First and foremost, the rate of media increases still outstrips the rise in the Consumer Price Index. Last year, the CPI inched up only about 3%, the lowest increase recorded since 1967, while this year, the inflation barometer is registering at a slightly over 4% level. For 1985, the CPI is expected to hover in the 3.5% to 6% range.

Media costs are commonly believed to have progressed at a faster rate than the overall inflation pace because of several factors. Most notably, many in the media community have sought to pass along their cost-of-doing-business hikes to advertisers. This situation could exist because the economy accelerated sharply, causing advertisers to become bolder with their marketing expenditures, and because the supply and demand situation changed. For instance, tv time is a fixed quantity, and as new categories of advertisers, such as computer, utility and financial services companies, vied with established tv users to buy air time, prices, predictably enough, jumped up. The situation was further aggravated this year by the special demands created by the Olympics, conventions and general elections.

Magazines, too, proved to be forthright in raising rates to advertisers. Most books, fearful of raising subscription



but some flashes of yellow

or newsstand prices to cover operating costs increases — which might have had a deleterious effect on circulation — chose to pass along such upticks to ad buyers. Furthermore, many magazines found themselves in greater demand this year, as they picked up the spillover from tv's limited inventory condition.

Media executives are quick to note that operating costs continue to climb. And the sad fact is, that while plenty of newer, more efficient equipment is available that could help defray some of those costs, uncomfortably high interest rates are deterring companies from making the investments.

Though moderating, media costs still appear to be rising faster than the Consumer Price Index.

What will happen in 1985? Our experts believe that with the advent of a more "normal" media year, costs are likely to cool off further. Certain caveats do exist though. Mindful of each medium's unique characteristics, the cost outlook varies markedly. If there is any commonality at all, it is the thread of worry that binds the magazine, newspaper, out-of-home and direct mail industries. All of these sectors are trying to get a handle on — and seek alternatives to — the rapidly escalating cost of paper. The commodity has been in short supply, due to heavy demand as the economy perks up and various categories compete for the product.

Another worry for the magazine and direct mail businesses are possible rate hikes by the U.S. Postal Service. The Postal Rate Commission is expected to recommend increases in the first, second, and third class mails.

Our features delve into what these operating increases might mean to both buyer and seller. We have attempted to lay out the panopoly of issues which will face each medium during 1985, examine the arguments for and against, as well as illuminate the paths some advertisers are choosing. For example, our television story looks at the widening use of syndication as an effective, cost-controlling tool. The articles on out-of-home, cable, direct marketing and the Yellow Pages discuss the massive changes each industry — and its supporters — are grappling with.

For instance, outdoor operators are suffering from the double whammy of a building boom, which threatens to demolish existing site locations, and spiraling land costs. Too, automotive ownership and traffic patterns now appear to have topped out, causing at least one major company, Foster & Kleiser, to change the way it computes rates for outdoor advertisers.

Meanwhile, the breakup of AT&T has resulted in a wildly different scenario for the Yellow Pages. In addition to the newly-created operating companies fighting for a piece of the directory business, other independent publishers are jumping into action. All sorts of books, for the general audience as well as for highly targeted readers, are popping up, and publishers are blithely crossing over each other's traditional territorial boundaries in pursuit of new markets.

What we have learned — and learned to appreciate

MEDIA COST RISES

	1985 vs. 1984	1984 vs. 1983		1983 vs. 1982		1982 vs. 1981		1981 vs. 1980	
	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated
Average increases — unit cost									
Nighttime network tv	9.25%	10.6%	+9.6	+10.3%	+10.7%	+9.8%	+11.0	+9%	+11.3%
Daytime network tv	12.71	11.37	+8.1	+8.4	+8.5	+7.0	+8.4	+9	+9.4
Spot tv	7.82	9.78	+10.9	+8.1	+8.5	+8.5	+8.9	+9	+8.2
Network radio	7.27	7.99	+9.0	+7.8	+8.7	+8.0	+8.5	+9	+9.3
Spot radio	7.37	8.66	+8.7	+7.5	+8.4	+7.4	+7.6	+9	+8.4
Consumer mags	8.22	9.12	+9.0	+9.2	+9.0	+9.3	+10.0	+10	+9.4
Nat'l Sunday mags	8.31	9.08	+7.9	+8.1	+8.9	+9.5	+9.1	+9	+8.9
Daily newspapers	8.54	8.96	+9.3	+9.9	+9.6	+9.4	+9.1	+10	+10.2
Outdoor posters	7.35	7.97	+9.8	+8.7	+8.5	+8.7	+8.3	+9	+9.5
Business publications	7.58	7.44	+7.3	+8.0	+8.5	+9.1	+9.2	+9	+8.7

— is that answers to the chronic quandaries over how to deal with change and rapid cost boosts, are not uniform, or easy. Rather the remedies are all individual, and depend heavily upon a buyer's clout, negotiation skills, imagination and will to seek alternative solutions. And in the current marketplace, plenty of choice does exist. Therefore, in today's fractious and competitive business environment, sellers need to address two key areas. Realizing that buyers are demanding value, the media must adequately and realistically make it clear to agencies and their clients, if they are charging more, why the situation exists. Sellers must be prepared to prove to buyers why it is wise for them to spend their ad dollars on that particular network, show, magazine or newspaper, etc. How will this expenditure help the client achieve his desired marketing objective? What research will substantiate the seller's claims, and how well does the salesperson understand the product he is selling, and how it could further the client's business. As Sy Goldis, senior vice president, media services at Doyle Dane Bernbach, says, "Today, accountability has become the name of the game." And that is not necessarily a bad thing.

Actual Media Cost Increases — 1984 vs. 1983

Average increases	unit cost	audience	cpm
Nighttime network tv	10.6%	−1.34%	11.47%
Daytime network tv	11.37	−0.10	11.45
Spot tv	9.78	0.425	9.45
Network radio	7.99	0.537	7.48
Spot radio	8.66	0.725	7.93
Consumer mags	9.12	0.413	8.19
Nat'l Sunday mags	9.08	0.817	8.25
Daily newspapers	8.96	0.423	8.18
Outdoor posters	7.97	1.35	6.97
Business publications	7.44	0.475	7.2
Response ranges (%)			
Nighttime network tv	5/16	−4/0	8/16
Daytime network tv	6/16	−5/+5	5/20
Spot tv	5/14	−2/+2	6/13
Network radio	4/12	−1/+3	2/10
Spot radio	6/12	−1/+2	5/11
Consumer mags	7/13.5	−5/+5	5/12
Nat'l Sunday mags	7/15.5	0/+7	7/11
Daily newspapers	7/12	−2/+4	5/12
Outdoor posters	6/10	0/+8	5/9.3
Business publications	6/9.5	0/2.5	6/9

Anticipated Media Cost Rises — 1985 vs. 1984

Average increases	unit	audience	cpm
Nighttime network tv	9.25%	−0.915%	9.79%
Daytime network tv	12.71	−0.005	11.955
Spot tv	7.825	0.225	7.375
Network radio	7.275	0.63	6.92
Spot radio	7.375	0.725	6.95
Consumer mags	8.225	0.51	7.58
Nat'l Sunday mags	8.31	0.785	7.835
Daily newspapers	8.54	0.25	8.335
Outdoor posters	7.35	1.05	6.65
Business publications	7.58	0.395	6.9
Response ranges (%)			
Nighttime network tv	7/14	−4/+1	6/12
Daytime network tv	8/25	−4/+3	7/18
Spot tv	4/10	−3/+2	3/10
Network radio	3.5/11	−1/+3	3/10
Spot radio	3/10	−1/+5	4/9
Consumer mags	6/11	−2/+4	5/10
Nat'l Sunday mags	5/12.25	0/+4	5/10
Daily newspapers	5/11	−2/+3	5/11
Outdoor posters	+3/+10	0/+8	+3/9
Business publications	+5/10	0/+2.5	+5/10

The economy is showing signs of slowing down. The question is, how much?

This past year, the economy was revved. It raced through the recovery as if one foot was left on the gas pedal, and if it didn't slow down, warned the experts, it would drive itself into the ground. Fortunately, many forecasters now agree, a moderate downshifting has begun. The question is how much of a slowdown are we headed for?

As we come off super-heated economic growth, most analysts say that print and broadcast costs should begin to decelerate by 1985. Also by then, the Olympics and the quadrennial round of elections, which had helped boost rates to where they will remain until year's end, will be noticeably absent.

All told, last year's headlines may be gone by the first half of '85, but costs should probably be well under control. The following is a spectrum of opinions from economists and analysts as to how the future may unfold.

The Economists' View

Sandra Shaber, director of consumer economics at Chase Econometrics:

"There is almost no risk that the recovery won't continue through the second half. My real concern is next year," says Shaber. "Part of the economy's strong growth," she explains, "has been due to a huge surge in private credit demand and business borrowing. At the same time, the Treasury is borrowing at an extremely high rate because of the Federal deficit. This huge deficit puts us at the horns of a dilemma. We can pour money into the economy and bring back inflation, or the Fed can drive up interest rates.

"We're forecasting a major slowdown, but not a recession. Chase Econometrics expects that interest rates will rise modestly through the first half of 1985 and then tend to ease. But, it depends on timing. If interest rates rise more quickly and sharply than we're anticipating, then there's a significant risk of recession."

Charles Lieberman, vice president and senior economist at Shearson Lehman/American Express:

"The economy has slowed from its excessively rapid pace of expansion and it will continue to moderate in the foreseeable future," says Lieberman. "And, for 1985, unless there is a major new policy initiative, which I doubt, there is not likely to be any drastic change in the economic pace."

This comes as no surprise to the Shearson Lehman/American Express analyst. "After a recession, you get started on an expansion which moves very rapidly until things begin to slow down. It's all a normal part of the business cycle."

Less normal, according to Lieberman, is the balance of trade situation. "The deficit disaster has affected the economy with too high a level of in-

Projections at a Glance

	GNP	Unemployment	Inflation	Interest Rates (T bills, 3 months)
Sandra Shaber				
Second half '84	3.5%	7.8%	4.5%	10.7%
First half '85	1.0	7.3	5.0	13.4
C. Lieberman				
Second half '84	3.5	6.8	5.25	9.75
First half '85	3.5	6.6	5.75	12.0
Albert Sommers				
Second half '84	3.0	6.8	4.0	10.3
First half '85	0	6.8	6.0	9.9
Rosanne Cahn				
Second half '84	5.5	6.9	3.8	10.5
First half '85	5.0	6.3	5.25	11.5
Peter Bernstein				
Second half '84	2.5	7.6	3.5	9.0
First half '85	4.5	7.6	4.5	8.5

Charles Lieberman

Albert Sommers

terest rates. Without it, we could have expected a much stronger private sector." Nevertheless, Lieberman believes the economic turnaround is a solid one and he anticipates strong consumer spending in the latter half of 1984 and 1985.

Albert Sommers, chief economist of The Conference Board:

"We have used up business cycle energy so rapidly that by the fourth quarter of 1984 GNP will have to slow," says Sommers. "We're going to have to pay a price for early spectacular growth rates. GNP will descend to 2%, down from 6.2% in the first quarter of 1984. And, by the first half of 1985, it should reach 0%. Consumer durables," he predicts, "will stop growing in the near term, and housing will continue its downward trend." Adds Sommers, "I am not calling for a recession, I mean slowing."

"The phenomenal first half growth rates in 1984 were a departure from natural experience due to a somewhat screwball environment of large deficits, high interest rates and a strong dollar that provided the right mix for tremendous growth. It was the fastest and strongest recovery on record. But, by the first half of 1985, high interest rates and some of the highest accumulation of inventories will take their toll."

Rosanne Cahn, vice president, senior economist, Goldman Sachs:

"The outlook for real growth for the second half of 1984 remains strong, but will slow in 1985," says Cahn. She adds that basic industry should post a 20% profit gain in 1984, and a 16% gain in 1985.

The growth will spawn a gradual rise in interest rates, but one that should not be viewed pessimistically. "The next leg up in interest rates will be late 1984 and early 1985. It won't be coming from the Fed; it will be a consequence of a strong economy. It would have to rise to greater heights and more rapidly to have a detrimental effect on the economy," says Cahn.

"As for inflation, moderate growth and a strong dollar suggest it will pick up slowly. An increase in capacity utilization, low unemployment and an era of 7% money supply growth all point to higher inflation," says Cahn. "All told, we expect inflation will pick up, but it won't be a blow-off price rise. Instead it will simply grind upward."

Peter L. Bernstein, president, Peter L. Bernstein:

"Like most other people, I believe that the economy will slow down in the second half of 1984," says Bernstein.

His thinking, though, is unlike most others when it comes to 1985. "Everyone says that growth will remain in the 3%-4% area. That's 100% wrong and absolute foolishness," says Bernstein. "There's nothing in the history of business cycles to show six quarters of sustained slow growth. All we need is two or three quarters when people don't borrow much and inventories are worked down, and we'll be ready to expand again."

"As we go through 1985, each quarter will see better and better growth. Business will pick up in the second quarter, running between 6% and 7% real growth.

"Once growth starts, easily postponable goods, such as housing and automobiles and other sensitive consumer goods, will begin to pick up. By the second half of 1985, there will be real excitement."

The Analysts' View

Joseph Fuchs, vice president, media analyst, Kidder Peabody:

"The broadcasting industry is showing a considerable amount of strength, especially in relation to the fourth quarter of last year and earlier this year," says Fuchs. "The Procter and Gambles have better sales and stronger balance sheets. They're able to increase their competitiveness with their branded consumer merchandise."

Strength has translated into higher prices. "The network's estimated revenue gain for 1984 should rise 16% contrasted to 13% last year," says Fuchs. "The strength is due to the recovery as well as the Olympics and election. In 1985, with no special events, we're looking at a 10%-11% rate of gain, which is a solid, middle of the road figure. At 10%-11%, networks will be able to realize gains while keeping costs to advertisers at reasonable, affordable levels. The economy will still be strong in the first half of '85, but lower inflation will help keep costs down."

Barbara Russell, vice president, media analyst, Prudential-Bache Securities:

"Even though the up-front market for the '85 season looks so good, the networks have said their intention is to hold costs of programing down, in part because of uncertainty about scatter time," says Russell.

"The three-network up-front market was very successful, totaling some $2.2 billion in bookings. Scatter will still run ahead of up-front, but not like it used to. Usually, it runs about 18%-20% higher than up-front. Next year it will be half of that." One reason, says Russell, is, "consumer advertisers may be reluctant to pay up. Advertisers are concerned about audience erosion as households zap through ads with their video cassette recorders. Also, advertisers are becoming smarter as to how to allocate their budgets wisely. They're going into syndication, and, however slowly, they're still moving into cable."

Patrick O'Donnell, vice president, and publishing analyst, Donaldson Lufkin & Jenrette:

"We are seeing a continuation of the best pricing for the best niche products," says O'Donnell. "Products like The New York *Times*, *The Wall Street Journal* and The Washington *Post* will see rate increases of 7.5% to 9.5% in 1985, while the rest of the industry will be up about 7%. Unlike the East BeJesus *Bugle*, they are going to an audience of high quality households at the upper end of the income scale. Another terrific vehicle for direct response is *USA Today*. It's the most interesting event going on in print. One and a quarter million people pay 25¢ a day for it. It's a good buy for advertisers."

"In magazines, rates will be up 6% next year. That represents some falloff because there are no Olympics or elections. Anyway, magazines tend to have less flexibility than newspapers because they have more competition. The Philadelphia *Inquirer* doesn't have *U.S. News* and *Newsweek*, the way *Time* does," says O'Donnell.

As for the price of pre-print," he says, "it will be difficult to raise prices because of the competition from direct mail, which has grown a very rapid 25%."

John Morton, newspaper analyst, Lynch Jones & Ryan:

"We expect newspaper advertising costs to go up an average of 8% in 1984 because newspapers decided to keep their revenue growth at about 11%," says Morton. "It's always a juggling act between revenue and rates. By next year, when newspapers will probably be posting a 9% revenue increase, we expect a rate rise of only 6% to 8%. With the slowdown in the economy in 1985, newspapers won't be able to get away with anything higher."

Some papers can buck the trend. "Newspapers that have rising circulation, like The New York *Times* and *The Wall Street Journal* will always be more aggressive," he says.

Direct mail and penny savers, says Morton, are a "troublesome factor that will continue to influence ROP, but are not yet a primary competitor, particularly because most papers have begun to step up zoning. These days, with computerization, you can zone around specific shopping centers if you want and pay less than full circulation prices. Advertisers can look forward to increasing sophistication in the zoning area. It's a matter of efficiency."

John Morton

Ken Noble

Ken Noble, first vice president, media analyst, Paine Webber:

"A good buy in print is *USA Today*," declares Noble. "It's not really kicked out yet because it falls between the cracks. It's not a local newspaper, even though it's daily. It's not a magazine, even though it has features. And it's not broadcast, even though it uses color. Right now, it doesn't have enough ad pages, but my guess is that it will be effective. We'll hear it discussed and see it read."

As for the rest of print, Noble doesn't see anything dramatic happening. He thinks national print prices will slow to 10%. "There are some things, like penny savers, which are eroding newspapers, but they are not all that significant. Penny savers are like a pack of little dogs barking at the heels of larger ones. They're there, but their impact is not that great. A bigger concern is third class direct mail, but chances are when the Post Office announces rate increases, their effect will also be diminished."

Postal rates too, can affect magazine rates, but Noble believes that increased cost will to into the cover price instead of ad rates.

Media cost-per-thousand trends 1975-1984

Media inflation cools, says Ted Bates' Media Information and Analysis Division.

INTRODUCTION

Ted Bates Advertising/New York has, for some time, prepared an annual media cost trend analysis. This particular study, with trend purposes in mind, tracks cost efficiencies (CPM's) and advertising expenditures for nine specific media elements for the decade from 1975 through 1984. A review of the ten-year track in measured economic indicators (consumer price index-CPI/gross national product-GNP) serves as a benchmark for our analysis.

EXHIBIT I

Percent Average Yearly Increase in CPM

	1982	1983	1984*
Broadcast			
Day Net TV	9	5	8
Eve Net TV	24	7	11
Spot TV	9	8	9
Net Radio	7	10	10
Spot Radio	6	7	7
Print			
Magazines	11	6	7
Supplements	12	5	7
Newspapers	10	10	7
Outdoor			
Posters	10	6	8
CPI	6	3	6

* Projections

1983

Along with the U.S. economic recovery experienced in 1983, there was also excellent progress on the inflationary front with the annual inflationary increase dropping almost 50% from the previous year to a 3% rate, the lowest annual inflationary increase since 1967. However, despite this "disinflation" in the economy, media CPM's have been slow to react. When examining past years, media CPM's usually seem to lag behind inflationary decreases. Not until 1983 do we see CPM increases responding to the decline in the inflation rate. However, despite their decline in 1983, CPM increases still exceeded the inflation rate. (Exhibit I.)

Most CPM increases in 1983 were of a single digit nature with the exception of only two media — network radio and newspapers — which experienced a 10% increase. Daytime network television experienced one of the lowest increases in CPM (5%) while spot television saw a slightly higher rise — 8%. Evening network television saw a sharp decline from its excessive 1982 CPM increase to a more moderate 7%. Magazines and outdoor both rose 6%. Outdoor's 6% rise was the first single digit increase for the medium in several years. Finally, national supplements had one of the lowest CPM increases at 5%.

1984

The Conference Board anticipates the inflation rate in 1984 to double — currently projecting an annual 6% rise in the CPI. It appears that media

Continued on page 30

EXHIBIT II

Percent Average Yearly Increase in CPM

	1976-1979	1980-1981	1982
Broadcast			
Day Net TV	17	9	9
Eve Net TV	14	10	24
Spot TV	10	6	9
Net Radio	8	8	7
Spot Radio	8	7	6
Print			
Magazines	7	9	11
Supplements	8	10	12
Newspapers	9	9	10
Outdoor			
Posters	9	10	10
CPI	8	11	6

EXHIBIT III

Total Advertising Volume and Gross National Product

Year	Ad Volume Millions	Ad Volume Yr. to Yr. % Change	GNP Billions	GNP Yr. to Yr. % Change	Ad Volume As % of GNP
1975	$27,900	+5	$1,549.2	+8	1.80
1976	33,300	+19	1,718.0	+11	1.94
1977	37,440	+12	1,918.3	+12	1.95
1978	43,330	+16	2,163.9	+13	2.00
1979	48,780	+13	2,417.8	+12	2.02
1980	53,550	+10	2,633.1	+9	2.03
1981	60,430	+13	2,937.7	+12	2.06
1982	66,580	+10	3,059.3	+4	2.18
1983	75,060	+13	3,297.0	+8	2.27
1984 (est.)	85,400	+14	3,622.0	+10	2.36

EXHIBIT IV

National Advertising Volume as Percent of Total Advertising

	Total (millions)	National (millions)	Percent of Total
1975	$27,900	$ 7,242	26
1976	33,300	9,017	27
1977	37,440	10,271	27
1978	43,330	11,794	27
1979	48,780	12,757	26
1980	53,550	14,837	28
1981	60,430	16,625	28
1982	66,580	18,375	28
1983	75,060	20,540	27
1984 (est.)	85,400	23,175	27

CPM's in general will follow suit, though these increases should only be moderate. While media costs were slow to react to a decline in the inflation rate, this does not appear to be the case when an increase in the inflation rate is predicted. Advertisers viewing 1984 in a more positive light could take the position that with inflation expected to increase substantially, inflationary-adjusted "real" CPM increases should be moderate or nonexistent.

Network radio and spot radio should increase at the same rate as they did in '83 -- 10% and 7% respectively. Magazines and supplements should both post slightly higher CPM increases with a 7% rise. Newspapers will decline slightly to 7%, and outdoor will increase modestly — 8%. Daytime network television should see an 8% increase while evening network television is expected to come in at a slightly higher 11% increase.

Many media seers believe the year will be "atypical" with regard to television costs due to two key factors: the Olympics and the November elections. These two factors combined might have some effect on network costs, but the effect, if any, should be minimal. In fact, when examining the effect the Olympics and the elections have had on media costs in the past, no apparent or consistent trend emerges.

The rise in CPM's abated after 1976-1979, but still lagged the drop in CPI

HISTORICAL BACKGROUND

In past trend articles, we characterized 1976-79 as the "boom years" which serves as the immediate background to the '80s. During this period there generally was a dramatic increase

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Source: Scarborough Research, 1983. Represented nationally by Sawyer-Ferguson-Walker Company, Inc.

EXHIBIT V

COST-PER-THOUSAND TRENDS

Year	Day Net TV	Even Net TV	Spot TV	Mag	News	Supp	Spot Radio	Net Radio	Outdoor	CPI
1975	100	100	100	100	100	100	100	100	100	100
1976	125	108	125	102	110	103	112	110	106	105
1977	161	136	131	111	119	122	122	119	115	112
1978	174	149	131	122	129	124	129	129	127	122
1979	182	167	143	131	139	134	135	135	142	135
1980	203	190	154	147	153	147	145	145	157	153
1981	218	203	162	163	173	163	155	155	173	169
1982	238	251	176	181	191	183	164	166	191	179
1983	250	269	190	193	210	192	176	182	202	185
1984 (est)	270	298	208	206	225	205	188	200	219	196

in CPM's across all media, especially among the television elements analyzed. During the period immediately following — 1980-81 — the rate of media CPM increases abated somewhat from the highs of the "boom years," specifically in the all-important television area, even though the annual inflation rate increases in the '80-'81 period averaged 11% yearly. Despite this surge to a double-digit inflation rate, it was gratifying to note that none of the media elements' analyzed cost-per-thousand increases exceeded the CPI level (Exhibit II).

In 1982 the CPI dropped substantially, increasing only 6% for the year. Despite this precipitous decline in the CPI, the annual media CPM increases "lagged" behind this trend. In fact, the CPM percentage increases, across media, remained very similar to those experienced in the '80-'81 period. The notable exception was in prime time television where CPM's moved up an alarming 24%. Thus with inflationary pressure subsiding and the media CPM increases holding fast, or increasing substantially in the case of prime time, the spread between media CPM and CPI increases widened substantially.

VOLUME PERFORMANCE

The growth in advertising volume has exceeded that of the GNP for almost every year since 1976 and is expected to continue to do so in 1984 (Exhibit III). The one exception is 1977 when the growth in the two measures was identical. Advertising volume grew during 1980-81 at an annual average rate of 12%, slightly higher than the 10% growth in the GNP. In 1982, the increase in advertising volume (10%) was more than double that of the increase in the GNP (4%). This is the most dramatic difference between the two measures in the decade, and it is perhaps indicative of the sluggish economy of 1982.

Advertising volume increased 13% in 1983 while the increase in the GNP doubled to 8%. This doubling of the GNP clearly indicated that the economy was on an improving course. Advertising volume as a percentage of the GNP has been steadily increasing since 1975, reaching 2.27% in 1983 and an estimated 2.36% in 1984, levels that have not been seen since the '60's. Despite total advertising expenditures increasing close to 200% in the decade, the perecentage of national expenditures of the total has stabilized in the 26% to 28% range for the last ten years.

Deborah Ellis, supervisor MIAD

EXHIBIT VI

NATIONAL EXPENDITURE TREND

Year	Net TV	Spot TV	Mag	News/Supp	Radio	Outdoor
1975	100	100	100	100	100	100
1976	124	133	122	121	120	115
1977	150	136	148	132	132	132
1978	172	161	177	139	148	140
1979	199	177	200	160	160	161
1980	222	201	215	177	185	165
1981	242	230	241	204	215	190
1982	269	269	253	221	235	211
1983	303	297	287	242	254	236

FOOTNOTE: Tables report trends in index form, with 1975, the base year, indexed at 100. These estimates are based on unit costs of 30 seconds for TV and Network Radio, 60 seconds for Spot Radio, one page four-color for Magazines, milline black and white for Newspapers, one page four color for Supplements, and 100 showing for Outdoor through 1981, 1982-84 based on increases in 50 showing. Audience levels and CPM's are based on women 18+ for Day Network, total persons 2+ for Evening Network; TV households for Spot TV, persons 12+ for Radio; circulation for Magazines, Newspapers and Supplements; and total population for Outdoor. Sources for audience information are: Network and Spot TV — A. C. Nielsen; Network Radio — "RADAR"; Spot Radio — Arbitron; Magazines — Magazine Publishers Association; Newspapers — Newspaper Advertising Bureau; Supplements — Standard Rate and Data; Outdoor — Outdoor Bureau and estimates. Figures for 1984 are Ted Bates' estimates.

NOTE regarding CPI: CPI is based on increases in yearly average rather than December to December as supplied by the Conference Board.

Tv costs expected to rise reflecting strong demand for medium

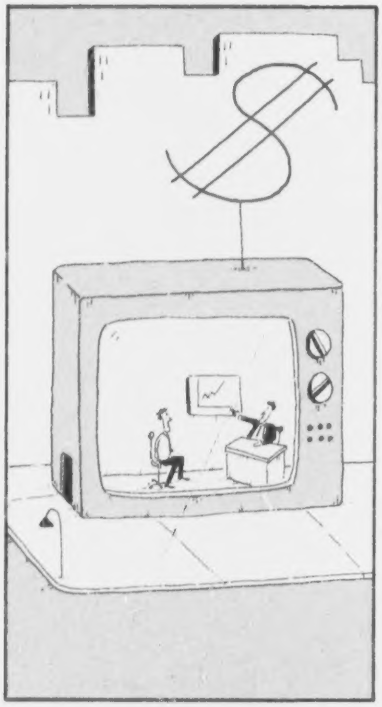
It would be reasonable to expect that next year's tv marketplace might represent a return to some sort of normalcy, at least when compared with this year's "quadrennial curse," a marketplace hexed with tightened inventory resulting from the Olympics and elections.

But to project just how high tv costs will rise in 1985 is a science not yet perfected and perhaps as futile as trying to predict where the Dow will be at year's end. Nonetheless, agency media directors are going through the annual exercise of anticipating media cost increases. These are guesstimates, to some extent, but educated guesses backed up with data gathered on where tv costs have been; where they appear to be going; an analysis of ongoing activities in scatter, spot and syndication markets; who's spending what and where; and what impact the economy will have on business conditions.

According to *Decisions*' annual media cost survey, agencies are projecting CPM's for prime time network will rise 9.7% next year, daytime CPMs will jump 11.9% and spot tv CPMs will increase 7.4%.

Network

Looking back, up-front network buys for the 1984-85 tv season took off early and moved briskly. Daytime — which broke first — posted double-digit rate increases ranging from 12%-25%, a consequence of near panic-like conditions preceding the up-front market when many advertisers found themselves squeezed out of the second quarter daytime scatter market. As a result, advertisers seemed to stampede to daytime upfront to secure future positions.



At press time, fourth quarter scatter was just beginning to take off, exhibiting continued high demand for daytime, fringe and news.

But some advertisers who took a closer look at their brand needs, did not get socked with double-digit increases for up-front daytime last spring.

Campbell's Soup, for example, which puts more than 90% of its total tv budget into upfront, says it did very well in daytime, posting only single digit increases. "That's because we did a very careful analysis of our brand's needs, both on a demographic and geographic basis," explains George Mahrlig, director of media services, Campbell Soup. "We then looked at the cost of various network mixes that would satisfy our goals. Our target audience skews a little older, so we tailored our buys to fit best with the networks, buying CBS and NBC daytime, because ABC skews younger." Mahrlig laughingly acknowledges that "we netted out in single digit increases, partially because of the nature of our needs, not totally because we were such excellent negotiators."

In a sense, the Campbell brands have a distinct advantage as the company's fiscal year corresponds with the network up-front buying cycle. Mahrlig, too, advises brand managers to have their plans finalized early if they want a certain quoted rate, and if they come in later, they'll pay more. "If you snooze you lose," he cautions, "and the brand suffers the consequences."

The prime time up-front market for the 1984-85 tv season posted increases ranging from 8%-10%. Those moderate increases, some agency media heads reason, indicated that "resistance on behalf of advertisers to pay high prime time costs appears to have caught up with the networks."

But the up-front market was attractive enough to lure back some players who had been conspicuously absent from the event, such as American Airlines, and to lure new players into the market like Apple Computer, says one network executive.

In step with what most media directors are predicting for 1985, Alison Danzberger, vice president and director of broadcast operations at Ketchum, predicts "another year of less than 10% in prime time network increases." But Danzberger cautions that it's hard to predict what will happen because "right now things are a little out of whack." She explains that "people are slow to respond to changes in pricing . . . it's a function of the planning cycle and when the buying actually takes place."

All in all, an estimated $2.5 billion exchanged hands in the 1984-85 up-front network market, compared with last year's up-front volume of $1.9 billion. All signs, at least for the moment, seem to point to a continuation of existing market trends — heavy demand for daytime, news and fringe in the fourth quarter scatter market. And an overall healthy economy should continue to trigger new product development and the accompanying brisk ad spending.

Naturally, the networks anticipate that the majority of those ad dollars allocated to tv will wind up in their coffers. "Network tv is still the most efficient way to reach the mass audience," espouses one network executive. NBC's senior vice president of sales Robert Blackmore believes that advertisers are becoming more sophisticated in using all elements of the media mix. "Advertisers' use of media is like an orchestra," likens Blackmore. "They're listening better, maybe because of the lessons learned in the past recession and the subsequent shakeout. Now they're using each instrument — each network daypart, barter, spot tv, radio, cable, everything — much more carefully, and are more aware of how all the instruments should work together. And of course network tv is the most efficient," he adds.

Network Tv Ad Revenues — 1984
(Percent change over 1983)

	ABC	CBS	NBC	TOTAL
Jan.	+9	+17	−8	+6
Feb.	+84	+13	+15	+40
Mar.	+2	+27	+18	+15
First Quarter	+32	+19	+6	+19
Apr.	+15	+31	+20	+22
May	+13	+19	+25	+19
First 5 months	+24	+21	+13	+20

Spot TV Ad Revenue Changes 1984
(Percent change over 1983)

January	+13
February	+8
March	+10
First Quarter	+10
April	+14
May	+16
First 5 Months	+12

Source: McCann-Erickson *Insider's Report*

Over at ABC, Jake Keever, vice president of sales reports that third quarter scatter is moving at a moderate pace, coming off the Olympics. But fourth quarter, because of the strong upfront is 90% sold out at ABC, with daytime, news and NFL football all in "excellent shape."

Looking ahead to 1985, Keever reports that again, because of the strength of the past upfront buys, first quarter 1985 inventory is 85% sold out, with second quarter 1985 doing about the same. Third quarter 1985 is 90% sold out "because advertisers really heavied up."

Analyzing last season's upfront Keever says its strength is not so much an attribute of the number of new players, but the fact that existing advertisers put larger percentages of their ad budgets into upfront.

While some advertisers feel that any network cost increases "are too much," the networks defend their prices and point to their ongoing efforts for controlling over-the-line-costs — program production.

ABC Entertainment's president Tony Thomopoulos assures that steps are being taken and have been taken to keep programing production costs down. Says Thomopoulos, "With the exception of the aberration from the Olympics, ABC has managed to so far keep programing costs at 1983 prices."

Last November, in an effort to control programing costs, ABC announced its policy to hold the line at 1983 spending levels. While the Hollywood production community has been grumbling over the network's cost policy, "they do acknowledge the need to better control costs, for their own interest as well," Thomopoulos explains.

All three networks, indeed, have stepped up efforts to wriggle out of the hold of the Hollywood production communitiy. More programing is becoming an in-house affair, such as ABC's miniseries *War and Remembrance* and *Texas*, as well as NBC's production of one of its new fall entries, *Punky Brewster*.

Spot tv

"As the movement of the prime interest rate goes — and I believe it has stabilized — so move companies like Procter & Gamble and General Foods with their new product outlays," states one very bullish seller, Gordon Hastings, president of Katz television. Hastings envisions that all three networks will be strong in 1985 ad revenues, with more equality as NBC begins to catch up with the others. And the spot tv marketplace will be strong as well, performing as the networks do, Hastings advises, projecting that spot tv spending will be up in excess of 15% in 1985.

He projects CPM's for spot tv rising

Top 10 Television Advertisers — 1983

(Thousands)

	Spot TV	Network TV	Total TV
1. The Procter & Gamble Co.	$229,251.8	$366,663.1	$595,914.9
2. General Foods Corp.	73,018.4	170,064.5	243,082.9
3. General Motors Corp.	25,672.2	201,350.4	227,022.6
4. General Mills, Inc.	112,981.7	100,250.3	213,232.0
5. Ford Motor Co.	38,130.3	172,308.1	210,438.4
6. PepsiCo, Inc.	121,862.7	73,955.2	195,817.9
7. American Home Pdts. Corp.	31,896.8	161,442.2	193,339.0
8. American Tel. & Tel. Co.	40,497.9	146,603.8	187,101.7
9. McDonald's Corp.	105,024.4	80,930.9	185,955.3
10. Philip Morris, Inc.	50,368.9	128,266.1	178,635.0

Note: Investments classified as "Retail/Local" by BAR (i.e. General Foods' investments for Burger Chef, investments by Sears Roebuck & Co., McDonald's Corp., etc.) are included above.

Source: Television Bureau of Advertising from analysis of Broadcast Advertisers Reports data.

10-15% depending on the market, with some, like Dallas, stronger than others. Dallas, he says, with a new independent tv station in the market, has increased the amount of inventory in the area by 25%. He expects that stations will be very aggressive particularly in news and fringe, as a result.

However, over at D'Arcy MacManus Masius, Sharron Lalik, head of spot broadcast for the agency, provides a different tv scenario.

Lalik predicts that after years of double digit spot tv inflation, the 1985 national rate increases "will be well within a single digit figure."

By daypart, DMM, projects the following increases over 1984: prime, +7%; early news, +6%; early fringe, +4%; late news, +9%; late fringe, +6%, daytime +6% and prime access, +7%. Lalik's projections for 1985 are based on what went on in 1984; where the economy seems to be going in 1985; plus the heavier numbers going into syndication.

Lalik says advertisers can get the best bang for their spot tv bucks during the first quarter 1985, since the agency predicts in its quarter-by-quarter forecasts that fourth quarter spot rates will be 37% higher than first quarter costs. In its spot tv 1985 cost index, DMM forecasts first quarter at 100; second quarter at 130; third quarter at 111 and fourth quarter at 137. So if an advertiser spends $100,000 in the first quarter, he would have to invest $137,000 in the fourth quarter for the equivalent weight.

Needless to say, DMM is recommending that clients include first quarter inventory with longer term commitments which will result in more productive schedules.

Providing yet another perspective on next year's spot tv market, Wally Schwartz, president of John Blair Television, takes the middle road. Schwartz projects that the year as a whole will come in at about 8%-9% above last year. "Coming off the quadrennial cycle will bring a return to normal," he says.

Of course, he cautions, "a lot depends on who gets elected, and if Reagan does, there will be a strong vote of confidence from advertisers." Schwartz sees a year ahead filled with brisk competition to network and spot tv from barter and cable. He projects billings of $5.5 billion in national spot for 1985, up from a projected $4.8 billion in 1984. "It's a very healthy industry," he concludes, "and advertisers aren't mad at us like they were in 1976, and consequently took it out on us in 1977."

Syndication

Wrestling down projections on cost increases for barter syndication is a lit-

Continued on page 42

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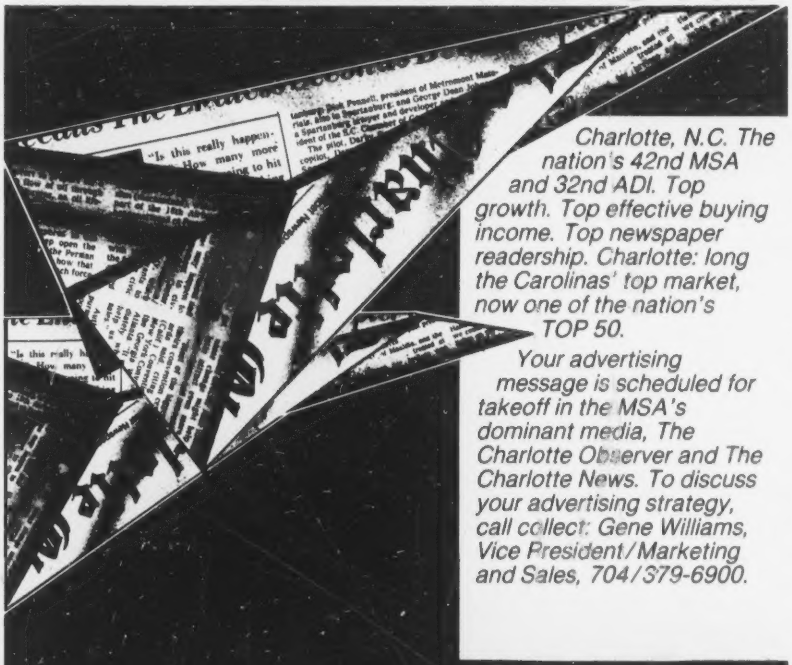

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tle tricky, involving a program by a program analysis.

But overall, Henry Siegal, chairman of LBS Communciations (just renamed from Lexington Broadcast Services last month to reflect its new expansion into production), says that costs will go up very little, about 5%-6%. "Of course, it will vary property by property," he says. Siegal adds that this year, *Fame*, for example, posted a 9% increase, but that LBS does not expect much next year in the way of increase.

Siegel reports that the syndication market looks good for '85, and that advertising revenue will go beyond $500 million with 80% of the inventory already sold out for next year.

Over at Camelot Entertainment, the national syndication arm for King-World, Rick Levy, its president, says that it's hard to predict cost increases, but "whatever they are, they will result in pricing below 20%-30% of what the networks would charge for the equivalent daypart." Levy explains that "a low rated afternoon property would cost about 30% below the equivalent network daypart, while something like *Wheel of Fortune*, now the number one rated syndicated program, would be about 20% below the equivalent network daypart."

Tv Set Ownership at 98% . . . and Viewing is Heavy

	Avg. Viewing Time per TV Home per day
TOTAL U.S. TERRITORY	7:38
Northeast	7:35
East Central	8:18
West Central	7:19
South	7:47
Pacific	7:11
EDUCATION OF HEAD OF HOUSE	
Under 4 Yrs. H.S.	8:20
4 Yrs. H.S.	7:54
1+ Yrs. College	6:50
4+ Yrs. College	6:28
HOUSEHOLD SIZE	
1	5:53
2	6:52
3+	9:01
4+	9:28

Source: A. C. Nielsen, Feb. '84

Levy points to a new direction in syndication today. "Three or four years ago, agencies began to plan syndication as part of their up-front buy. In more recent years, they would go into syndication before their network up-front buys for certain established shows like *Entertainment Tonight* or *Solid Gold*."

The battle back then, he observes, "was to try to get advertisers to buy us, and now they do. The thrust today is getting station clearances and programing."

In total, Levy pegs cost increases for syndication increasing in "the high single digits, and lower for indies than affiliates."

One broadcast media buyer believes cost increases won't rise dramatically for syndication in 1985, reasoning that "they're really in no position to get it yet. While syndication has made its impact, and is used extensively by advertisers, it's still not totally accepted by everybody," believes this buyer.

But Campbell Soup's Mahrlig is a user, and says he sees syndication as providing some cost leverage with the networks. He looks at it as a daypart of national tv — vehicles such as *He Man* and *Masters of the Universe* would be considered kid's daytime; *Hour Magazine* would be considered daytime and *People's Court*, nighttime.

"We assign costs on rating points and allow brands to plan syndication — they submit key market lists and we check to see how the program is doing in that market," tells Mahrlig. "If a show is doing a 6 nationally, and is not delivering that in the key markets, the brand will use something else."

"All of these machinations help us avoid the inevitable price increases that come with a $2.5 billion upfront," he concludes.

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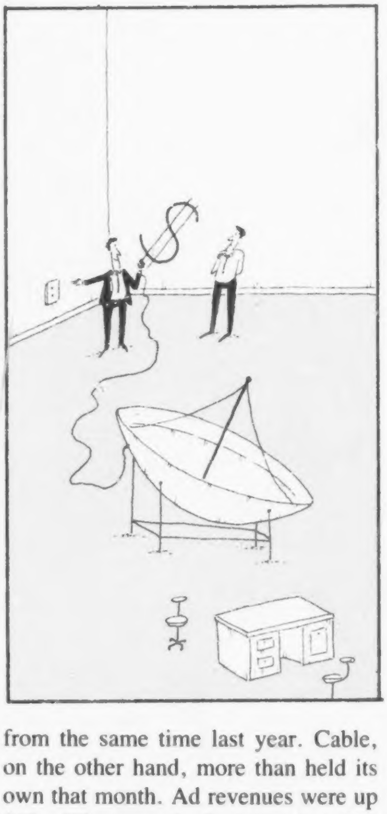
Costs up but cable is still a good buy

Agencies and analysts look at what is precipitating cable cost hikes.

With so many variables to account for, getting a handle on cable costs is a slippery task. Depending upon the network, percentages and rationales concerning cost osciliate widely. What has emerged, however, is a consensus that advertising on cable is, overall, more expensive than it was last year, and is likely to continue to rise; CPMs on average are edging up minimally; and local advertising is fast becoming a profitable business for both advertiser and cable operator.

Costs for advertising on cable are chiefly reflective of two trends. One, the price for ad time is rising on broadcast networks, while that viewership is eroding; and two, the cable universe is maturing, resulting in increased subscribers and more networks rated by Nielsen. These developments are precipitating ad rate hikes on cable ranging between 10%-30% — averaging 20% — and CPM increases which average 2%-5%, although in some instances as high as 10%-15%.

Ad prices on cable are inching up as demand builds. Cable's viewership and ratings are steadily improving, while broadcast ratings dropped to 4% this June. Considering broadcast's heavy re-run schedule, such a rating drop was not unexpected. However, in July broadcast ratings tumbled an additional 16% in share and average audience from the same time last year. Cable, on the other hand, more than held its own that month. Ad revenues were up $18 million over the first quarter to $78 million. Some shows saw dramatic ratings increase. For instance, *Cartoon Express* on *USA* saw its ratings hike from .4 in 1983 to 2.1 this year.



Broadcast erosion and severe underdelivery is making cable a particularly attractive buy. Broadcast network prime time share tumbled from an 89 share in 1979 to a 77 share in 1983. In cable homes, the rate of erosion over the past three years was three times as great as that in non-cable homes, 15% versus 5%. Last year, the audience for total day part awarded a 71% share to broadcast networks; 17% to independents; 3% to public; and 14% to cable. If cable is broken out separately, a different pattern emerges. In noncable homes, the 71% share for network affiliates goes up to 80%; independents to 18%; public, 4%; and cable 2%. In cable households, broadcast is down below a 60% share — a 21 point swing. Independents are down to 14%, while cable takes a full 30% share.

A look at prime time program ratings present an even more glum picture of broadcast underdelivery in cable homes. Prime time broadcast programs yielded an average rating of 16.2 last year. In noncable homes broadcast overdelivered 5%. In cable homes, broadcast underdelivered 9%, moving up to 10% in pay households — a differential of 15%.

Cable is also leading independents for the first time, in network share, dispelling the myth that independents are benefitting the most from broadcast network erosion. CAB stats indicate that in the second quarter of this year, independents totaled up a 13% share; cable origination took in a share of 14%, while pay attracted 12%. During that period, independents experienced a 13% decrease in viewership, while cable origination viewing increased 29%; and pay by 5%. Overall, ad-supported cable experienced an average 23% increase in viewing in the second quarter 1984 over the same period last year — up 132 minutes per week. Viewing of independents in cable households was down 13% from last year.

"Audiences are turning to cable for its broader menu of programs," says CAB director of marketing, Radford Stone. "People are learning to use cable and that is significantly altering broadcast network viewing habits and ad dollar allocation going to cable."

Yet despite the positive growth of cable, advertisers are alloting the medium only 85% of the ad dollars its ratings would suggest. Cable is getting only 5.6% of what Paul Kagan Associates estimate to be $7.8 billion spent for ad time on the three major broadcast networks. "If spending on cable were commensurate with its 12 share for the first six months of this year, then agencies should ideally be directing 12% of their broadcast network budget to cable," asserts Stone. Agency and advertiser reticence is due to still pervasive unfamiliarity with cable viewing patterns, he says. "Our goal is to get the message out to agency planners that cable should be considered an antidote to broadcast network erosion."

As cable adds an average 400,000 subscribers a month (current penetration stands at 42.5% of tv-equipped households, or 37,700,000 subscribers), more cable nets become eligible for Nielsen monitoring. This development will account for higher costs to advertisers, agree most cable networks. Of the eight cable nets currently metered, most say their pricing will increase as ratings climb. *CNN* claims its pricing is dictated by broadcast network increases but will also reflect its own higher ratings. John Barbarea, senior vice president, sales, says costs will go up 30%, and CPMs will increase 8%-10% for prime time and financial programing. Prime is now a $5 CPM, or $1,500 for :30; financial a $10 CPM, at $3,000 for a :30. These increases compensate for a 10% decrease in daytime CPMs. "As ratings and households increase, prices will go up," says Barbarea. "We can justify a higher CPM if the show rates it."

10-YEAR PROJECTIONS OF CABLE TV NETWORK ADVERTISING

Year	*1* All TV Homes (mil) x	*2* Avg. HUT % =	*3* Viewing Homes (mil) x	*4* Bcast Share % =	*5* Bcast Viewing Homes (mil)	*6* Cable Ad Homes (mil) x	*7* Avg. Cable HUT % =	*8* Viewing Homes (mil) x	*9* Cable Viewing Share % =	*10* Actual Cable Viewing (mil)	*11* Cable % Bcast Viewing %	*12* Cable % Bcast Revenue %	*13* Bcast Netwk. Revenue (bil)	*14* Cable Netwk. Revenue (bil)	*15* % Ch.
1980	77	50	38.5	76	29.26	8	50	4.0	5	0.20	0.68	1.06	$4.70	$0.050	n/a
1981	78	50	39	74	28.86	12	50	6.0	7	0.42	1.46	1.98	5.30	0.105	+111%
1982	80	50	40	72	28.80	16	50	8.0	10	0.80	2.78	3.31	5.90	0.195	+ 86
1983	83	50	41.5	70	29.05	20	50	10.0	15	1.50	5.16	4.39	6.90	0.303	+ 55
1984	85	50	42.5	69	29.33	24	50	12.0	16	1.92	6.55	5.57	7.80	0.434	+ 43
1985	87	50	43.5	68	29.58	28	50	14.0	17	2.38	8.05	6.84	8.74	0.597	+ 38
1986	89	50	44.5	66	29.37	31	50	15.5	18	2.79	9.50	8.07	9.78	0.790	+ 32
1987	90	50	45	64	28.80	34	50	17.0	19	3.23	11.22	9.53	10.96	1.045	+ 32
1988	91	50	45.5	63	28.67	37	50	18.5	20	3.70	12.91	10.97	12.27	1.347	+ 29
1989	92	50	46	62	28.52	39	50	19.5	21	4.10	14.36	12.20	13.75	1.678	+ 25
1990	94	50	47	60	28.20	41	50	20.5	22	4.51	15.99	13.59	15.40	2.093	+ 25
1991	95	50	47.5	60	28.50	43	50	21.5	23	4.95	17.35	14.75	17.24	2.543	+ 22
1992	96	50	48	60	28.80	45	50	22.5	24	5.40	18.75	15.94	19.31	3.078	+ 21
1993	97	50	48.5	60	29.10	47	50	23.5	25	5.88	20.19	17.16	21.63	3.712	+ 21

1- Estimated U.S. TV households.

2- PKA estimate of day-long Homes Using Television, assuming 60% prime time, 30% 7 a.m.-1 a.m., skewed upward from day-long average because ad dollars are concentrated in heavier viewing times.

3- Homes actually viewing television.

4- PKA estimate of broadcast networks' share in all U.S. homes using television.

5- U.S. homes actually viewing broadcast network television during an average quarter-hour (skewed toward prime time).

6- PKA estimate of average cable homes accessed by majority of cable TV ad-supported networks.

7- PKA estimate of cable homes using television (as in column 2).

8- Cable network homes actually viewing television.

9- PKA estimate of average viewing commanded by cable TV networks, as % of all viewing in cable homes shown in column 8.

10- Actual viewing homes available to cable TV network advertisers in a given quarter-hour (skewed toward prime time).

11- Actual cable viewing as % of broadcast network viewing (column 10 divided by column 5).

12- PKA estimate of ad spending on cable networks as % of broadcast network ad spending (85% of col. 11, starting in 1983).

13- PKA estimate of revenue of ABC-CBS-NBC.

14- PKA estimate of revenue of cable TV ad-supported networks

15- PKA estimate of annual increase in revenue of cable TV ad-supported networks.

Source: Paul Kagan Associates, Inc., CABLE TV ADVERTISING NEWSLETTER.

MARKETING & MEDIA DECISIONS SCATTER COST ESTIMATES OF KEY CABLE NETWORKS

		Daytime			Primetime entertainment			Primetime sports			Kids programing			Young adults programing			News and information		
Cable Network	Subscribers* 5/31	Rating / HH (000)	Est. CPM	Est. $:30	Rating / HH (000)	Est. CPM	Est. $:30	Rating / HH (000)	Est. CPM	Est. $:30	Rating / HH (000)	Est. CPM	Est. $:30	Rating / HH (000)	Est. CPM	Est. $:30	Rating / HH (000)	Est. CPM	Est. $:30
ESPN	32,700,000							**1.5/491	$4.00	$2000									
WTBS	31,006,000	**M/F 2.5/775 S/S 5.0/1550	$2.00 $2.00	$1500 $3000	**4.0/1240	$3.75	$4500	**3.0/930	$3.50	$3200	2.2/682	$2.00	$1300	.9/279	$3.00	$900			
CNN	26,816,000	.7/182	$2.00	$360	.7/182	$4.50	$900										**.7/182	$2.00	$360
USA	24,300,000	M/F .6/146 S/S 1.3/316	$2.50 $2.50	$400 $800	1.8/437	$4.00	$1800	2.0/486	$4.00	$2000	4.0/972	$2.50	$2400	1.1/267	$3.50	$1000	1.9/462	$3.50	$1650
CBN	23,000,000	**M/F 1.7/391 S/S 4.0/920	$1.75 $1.75	$650 $1600	1.8/414	$3.25	$1350				.8/184	$2.00	$350						
MTV	21,800,000													**1.5/327	$4.25	$1400			
LIFETIME	20,000,000	.4/80	$2.00	$160	M/F .6/120 S/S .6/120	$4.25 $3.75	$500 $450												
NICKELODEON	19,300,000										**0.8/154	$2.25	$4.00						
FNN	16,800,000	.3/50	$2.00	$100	1.1/185	$4.00	$750	S/S 0/500	$5.00	$2700									
WEATHER CHANNEL (not yet on Nielsen)	12,300,000	.6/73	$4.00	$325	.8/98	$4.00	$400												

*Source: Paul Kagan Associates Inc., Carmel, CA.
**Leads the category and sets the pricing standard
Note: Rates are negotiable based on type of programing purchased

CBN director of sales, John Fernandez, claims cable ad costs and CPMs parallel broadcast network increases. "Cable follows in the after flow of the three big networks. But cable is still attractive to advertisers," he asserts. "Cable's CPMs are a third lower than broadcast's and cable gets 30% national coverage currently. A lot of broadcast waste is eliminated since cable delivers prime demographics."

Roger Werner, executive vice president of marketing for *ESPN*, cites the network's delivery of target demographics in justifying rate hikes. Werner estimates his spot prices will go up 15%-20%, perhaps to 25%, depending upon the program. CPMs will jump 5%-10%. "We sell men," comments Werner, "and men with a higher demographic profile, at that, for much less than the CPM of broadcast tv." *ESPN* delivers a primarily male viewership for a $4.20 CPM, compared to broadcast's $6.40.

USA Network's Dan Lawlor, vice president regional sales, plans to tie everything into an efficiency increase of about 5%-7% as *USA*'s subscriber base increases 25% a year. "Cable remains a very efficient buy considering that the 20%-30% subscriber base increase on most networks reflects precisely the homes advertisers are trying to reach," he insists.

Among those awaiting Nielsen monitoring by fourth quarter, both the *Weather Channel* and *FNN* expect to charge advertisers for higher ratings although they hope to keep CPMs approximating existing rates. *Black Entertainment Television* expects ad costs to climb upwards in October as program hours and subscribers increase. Rates will nearly double from $450 for a :30, at a current $4.00 CPM which includes one bonus spot per purchase, to $800 with two bonus spot offerings per buy. Janis Thomas, BET's vice president, sales, says that CPMs will rise at most 5%-7%.

Agencies generally estimate ad cost increases based on broadcast costs and the individual cable net's subscriber and rating status. Regarding what agencies estimate to be a $2-$10 million increase in their cable spending, Dancer Fitzgerald Sample's vice president, media director Beverly O'Malley says it's hard to isolate what is a reaction to subscriber growth and what is simply inflation. However, increases out of choice reflect confidence in cable subscriber growth, she notes. "The cost is still attractive and clients' excellent experience with cable is prompting renewals. Cable is getting to the point where it will start nibbling away at other media budgets."

Ron Kaatz, U.S. director of media concepts for J. Walter Thompson, says cable ad costs are in line with network tv trends but are still comparatively low. In constructing a number of scenarios for cable ad pricing, Kaatz speculates that under a high network price scheme and few cable avails, the new medium would raise prices; at low net-

A CONVERSATION WITH RON KAATZ

Marc Pokempner

Ron Kaatz is U.S. director of media concepts, J. Walter Thompson, Chicago.

Q. *On what does JWT base its decision to buy cable?*
A. Cable is evaluated in the context of all media buys and is viewed in that framework: can the cable network satisfy client needs and reach the targeted audience? Cable can help in terms of equalizing for network deficiencies while targeting against specific audiences.

Q. *Has cable fulfilled its promise to deliver to narrowcasted audiences?*
A. Yes, but I like to use the term 'targeted' rather than 'narrowcasted' which implies too limited an audience. Cable has the advantage of appealing to both the masses and special interests, as do magazines. A parallel would be *WTBS* and *CBN* as 'generally editorial,' to use a magazine phrase. Special interests would be satisfied by *MTV, ESPN, The Weather Channel,* for example.

Q. *When is it more advantageous for a client to select a scatter buy or sponsorship of a program?*
A. The main difference between scatter and sponsorship is the intensity of viewer communication you are seeking. Through sponsorship you get breadth of impression. Through scatter you get breadth of exposure. It depends which of the values of cable the client wants to exploit. For instance, scatter can satisfy such values of cable as: conveyance of an ad message in a compatible environment such as placement on an *MTV* for young adult targeting; a high frequency of exposure generally available only through radio; the ability to zero in on small towns where the product or service dealers are located; and fewer time constraints than on broadcast networks, allowing more time to tell a story. Sponsorship offers the advertiser an opportunity to get a real identity; to give product details appealing to a highly targeted audience; and to develop direct response options.

Q. *How receptive are networks to client-produced programs?*
A . Very. There's a lot more client-furnished or sponsored programing than there was three years ago. Initially, it was approached experimentally and now clients are doing it more to meet specific marketing needs. Cable networks welcome high quality programing that clients supply. Rates are negotiable to make cable buying easier for the client and agency. Over 20 of our clients including Kodak, Quaker Oats, Ford and Kraft figure in cable buys as part of their routine media planning.

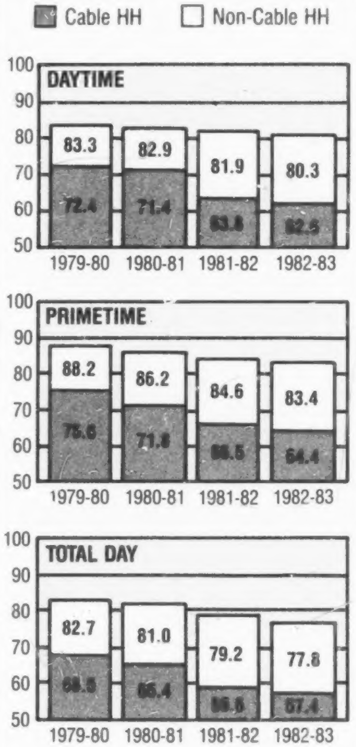
Q. *Is audience measurement data responding to agency demands?*
A. The problem in local markets won't be solved for a long time because the question is who will pay for that research. But nationally there's no dearth of audience measurement considering the dollars involved in cable vs. network. Eight cable networks are on Nielsen meters and as subscribership hits the 13 million mark for the other networks, they'll be eligible for monitoring.

Q. *What will determine which cable networks will survive?*
A. The survivors will be the ones who can control their costs while having that basic viewership appeal. The four BAR-measured networks: *CNN, ESPN, USA* and WTBS, will make it long-term as will *The Weather Channel, Black Entertainment Network, CBN,* and *MTV* which is making money hand over fist. *The Nashville Network, FNN* and *Nickelodeon* look promising.

work prices and few cable avails, the wired medium would hold prices. At low network prices and many cable avails, what he terms the "classic bad situation," the buyer dictates pricing for cable ads. The current situation is one of high network prices and many cable avails, during which cable will keep below network cost but will raise prices proportionately, or a stride less.

DECLINING BROADCAST NETWORK AFFILIATE SHARES

Trends in broadcast network affiliate shares— cable and non-cable households



For the total day broadcast affiliate shares are declining almost 3 times more quickly in cable than non-cable households.

Source: Cable Advertising Bureau

CPMs, he claims, will hover at an average $5 as household growth continues to keep that cost relatively low.

BBDO senior vice president of network programing, Bill Croasdale, says costs will continue to climb as the number of cable subscribers grow, but cautions that there will be a shakeout. The cable network survivors will, however, be more solvent financially. Advertisers, he says, are now recognizing the potential for cable as the research on the medium grows. Croasdale projects a 2%-4% increase in CPMs and only a 2%-3% increase to buy or renew cable ads.

Agency planners are just beginning to take to heart the lucrative local advertising marketplace. Indeed, local avails are proving to be the mainstay for several MSOs and the principal allure for new entrants into cable. More than 900 systems reaching 45% of the cable universe now sell local video advertising; last year 700 systems sold locally, reaching 35% of that universe. Kagan analysts estimate local system cable revenue this year will be $800 million, up 59% over last year's estimated $50.4 million and growing steadily at 50%-60% per year over the next two or three years. By 1994, local sales could generate $1.3 billion in revenue, claim Kagan analysts.

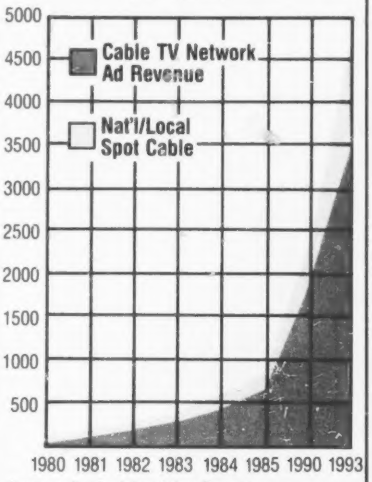
CAB's Stone observes that "Satellite networks used to be the main buy. Now the trend is to use local origination and local avails since they are attractive to local retailers." CAB expects 50% of subscribers nationwide will be recipients of local advertising next year.

MSOs, who in 1982 were complaining that local ads sales were reducing their profit margins, are changing their tune. Thirty-nine top MSOs, averaged $4.31 per subscriber in local ad dollars for 1983. That per subscriber figure is expected to reach $5.50 this year when MSOs could gross an estimated $80-$90 million in local ad revenue. For Group W and Colony Communications, selling local avails is an average 40% margin business. "The cable ad business is at the local level," says Thom McKinney, Group W's vice president of ad sales. "The advantage of local is low cost targeting of local demographics." Citing a 258% growth over last year in local ad sales for its systems overall, McKinney claims 95%-99% of Group W's business is now at the local level. "In some systems margins are as high as 67%." Colony Communications president Jack Clifford says his local ad margins are 40% minimum. "Local avails provide options in specific targeting for local businesses. It's a smorgasborg of opportunities."

Cable reps like CNI and New England Cable Rep note that retailers are finally recognizing local avail as potential revenue generators. "Business on the local level is up 100% from last year," says CNI president John Kramer. CNI, the largest local and national sales rep, has exclusive contracts with 14 major cities representing 4.7 million subscribers, or 12% of the cable universe. Kramer says determining the cost of local ads depends on the size of the cable system, the advertiser schedules, and what the cable operator has established as a marketplace price — generally a mean average of the print, radio, and broadcast tv rates. Charges may vary from a low 30¢ CPM to $2-$3 CPM. Agencies generally like to get a 40¢-80¢ CPM per sub, claims New England Cable Rep president, Bob Williams. Pricing is drifting upward as demand increases, Williams observes. He also notes a trend toward more up-front buying as a way to get a good rate. By Paul Kagan Associates' tally, local spot cable averaged $1.70 last year and could hit $2.53 this year. The Kagan firm projects $12 per average cable subscriber in local ad billings for 1990.

ADVERTISING REVENUE GROWTH ESTIMATES

($000,000)



Source: Cable Advertising Bureau

CABLE ADVERTISING'S 10 LARGEST ADVERTISERS
1983 vs. 1982

	1983	1982	% Change
1. Anheuser-Busch	$15,760,850	$ 9,231,604	+ 70.7%
2. Procter & Gamble	15,172,193	6,778,997	+123.8
3. General Foods	11,290,331	10,241,955	+ 10.2
4. General Mills	10,258,792	4,143,143	+147.6
5. Bristol-Myers	6,505,484	4,276,420	+ 52.1
6. Time Inc.	5,517,672	5,160,262	+ 6.9
7. Toyota Motor Sales	5,247,582	2,920,278	+ 79.7
8. Ford Motor Co.	5,087,044	2,791,909	+ 82.2
9. General Motors	4,549,257	3,834,603	+ 18.6
10. American Home Products	4,387,171	4,431,471	− 1.0

Source: Paul Kagan Associates Inc. chart, based on BAR data.

In his attempt at determining a common denominator for buying cable, Greg Blaine, director of new communications technology for Foote, Cone & Belding, Chicago, found that no commonality exists. Rather, buying cable was not simply a rational decision based solely on CPMs or penetration. Agency policy as to the cable buy, he says, relies heavily on the attitude of the cable decision maker. "The decision to buy cable is both rational and emotional."

Blaine notes that the "rational" process takes into account such tangibles as audience measurement data, demographic profiles, reach, and other quantifiable elements. But complicating matters is the fact that cable buying is devoid of the security offered by broadcast networks which deliver the comfort of mass audience. "Cable, however, offers a demographically enriched audience which is pre-selected and highly interested in the program's subject content, therefore potentially more attentive to related ads," notes Blaine. "Some of the waste normally incurred in a broadcast buy is eliminated. As cable becomes more mainlined into agencies' planning, the decision to buy cable will be less variable."

Forty-five national advertisers are already spending more than $1 million each per year on that medium. In 1983, the top 25 cable advertisers boosted their spending 47%, placing a total of $119.5 million on *USA*, *ESPN*, *CNN*, and *WTBS*. Based on BAR's 1983 stats, Anheuser-Busch led the pack, investing $15.8 million in cable last year, up 71% over 1982. But when factoring in the other ad-supported cable nets, P&G comes out as cable's biggest supporter. Last year, the company spent $15.2 million on the four BAR networks alone, which represented a 142% increase over 1982. Yet cable got only 3% of the consumer product king's $50 million dollar allotment to broadcast tv.

Nevertheless, cable nets are apparently benefitting from advertisers' optimism concerning the medium.

- *FNN*, the fastest growing network, signed 36 national advertisers last year, and expects to double its ad revenue to $8 million by this move.
- *Spanish International Network (SIN)* reports its ad revenues are up 40% over last year's $45 million.
- *The Weather Channel* claims ad sales are up 400% over last year, reporting advertiser involvement is up 100% last year.
- *CBN Cable Network* cites a 65% increase in ratings over the year and projects $35-$40 million in ad revenues this year.

Continued on page 117

This coupon entitles you to thousands of free consumers in Syracuse

Why? Because your ads reach so much extra spending power in Syracuse that it's like getting thousands of extra consumers free. For example, Syracusans spend twice the average amount per household on scotch,* 28% more than average on food.** And their median household income is $2,835 above average.** Let us show you why The Syracuse Newspapers are the best way to reach this profitable market. Send this coupon today.

*1983 Liquor Marketing Handbook
**1983 S & MM Survey of Buying Power

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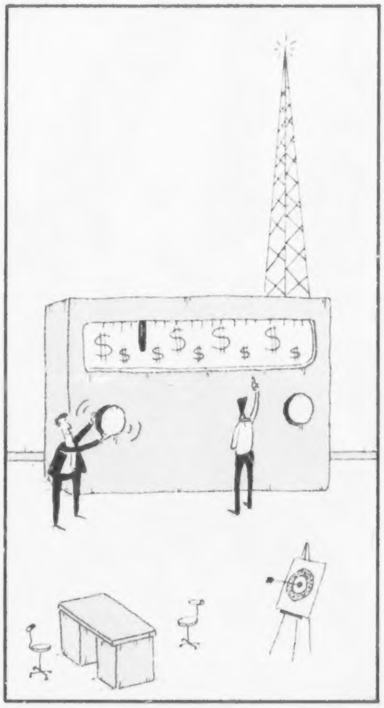
Radio sets its dial to strong sales and more networks

Revenues, particularly local and retail, are up smartly. So are prices.



The radio industry is enjoying a good year. Advertising revenues are up strongly, while operating costs at many of the U.S.'s 8,200 commercial radio stations are moderating through the use of new computer technology. However, the slowdown in station costs is not translating into lower costs for radio buyers; rather, as demand for radio time increases, so do prices. And, barring an economic downturn, the outlook for radio continues to look like more of the same in 1985. "We have more demand inventory than ever before, and we're no longer in the dollar a holler mode," declares Kevin Cox, vice president of network sales for NBC Radio.

The Radio Advertising Bureau projected a 15% increase in revenues for the medium last December, but has now upped that estimate to 15.5%. For the first five months of 1984, ad revenues for network and national spot radio posted gains of 6.2% and 12.1%, respectively. And the bellwether of sales — local and retail radio — jumped a very healthy 17.1% during the first four months of the year.

Although the traditionally heavy radio users such as the food products, beer, ale and wine, as well as travel and shipping industries, are holding up well this year, major new users have really helped push the medium's revenues upward. The computer industry, for example, increased its spending on radio some 236% in the first quarter of 1984 over the previous year's period. Similarly, the financial services sector upped their radio expenditures by 86.5%. Frequently, these advertisers could be found on news, news/talk and classical music stations looking to target market to the executive and business audience which often tunes in to such programing fare.

Targetability is one of radio's key selling points. "Radio can deliver and find anything you [an advertiser] wants," enthuses Cox. As an example, he cites New York City "where there are a dozen formats alone for the coveted 25 to 54 year-old market." One interesting trend designed to enhance the targeting aspect of the medium continued to gather steam during 1984. A number of rep firms have consolidated in an effort to strengthen the narrowcasting factors that unwired networks offer. Following the merger of Hiller, Newmark, Wechsler and Howard; Major Market Radio; Weiss & Powell and McGavren Guild under the Interep Co. umbrella over the past three years, 1984 has seen Blair purchase RAR, while Katz bought Christal Co. and RKO Radio Sales. All told, Interep now encompasses over 1,000 stations. The group's billings are expected to be up 12% to 15% this year, according to Ellen Hulleberg, executive vice president. She also notes that the buys really picked up steam in the second quarter, making over 20% monthly gains over the previous year.

As radio rolls along, prices are going up. For example, the average 60-second spot commercial at McGavren Guild rose to $77 in 1984, from $69 last year. The average cost for a 60-second spot on an unwired network, such as Internet, was $71, as of mid-1984. Over at NBC Radio, the cost per point for a 30-second ad hit $1,500 versus $1,100 three years ago. Cox says he doesn't see any abatement in sight for the 10% to 12% ad cost increases occurring the past few years. The culprits, he claims, are escalating engineering and programing costs.

But Daniel Flamberg, senior vice president of communications for the RAB, disagrees. He feels that radio's operating costs have decreased. "Labor, one of the biggest costs in running a radio operation, has been reduced considerably," he states. "The computer," he continues, "is now capable of doing a variety of workloads, including engineering work."

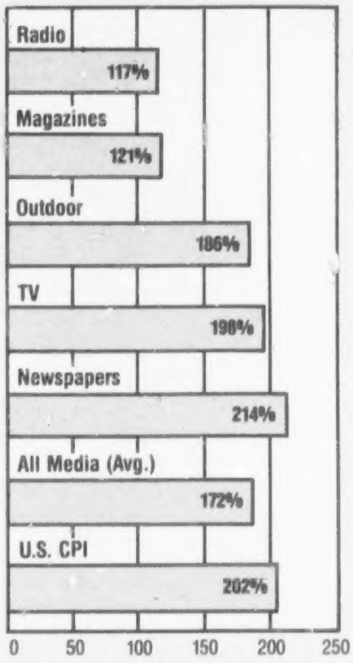
While he concedes that there "has been some friction with unions over this issue, they have been realistic," believes Flamberg. "And the resultant savings in terms of salaries, fringe benefits, pensions, material and other costs have been considerable."

Apparently, though, not all unions are so "realistic." For instance, when Bob Mounty, executive vice president of NBC Radio, was asked about the new technologies impact on costs, he declined to comment in view of the network's ongoing union negotiations.

Though costs may be going up, radio's CPM can still be viewed as a good buy when compared to other media. In just five years, network and syndication growth has grown from just a handful of 10 to today's total of approximately 70, which means an advertiser's reach can be strengthened meaningfully. Using 1967 as a base year for CPI, radio's CPM has skipped ahead some 117%, compared to tv's 198% leap and newspaper's 214% skyrocket, figures the RAB. The CPI, meanwhile, has shot up 202%.

RADIO HAS SLOWEST COST GROWTH SINCE 1967

Cost-Per-Thousand Increase 1967*—1983



*1967 is the base year for Consumer Price Index

Source: Radio Advertising Bureau, Inc.

Neil Weed, vice president in charge of sales for Mutual Radio Network, likes to note the difference in costs between the tv and radio medium. An advertiser looking to place a 30-second commercial on a Notre Dame football game — which Mutual carries — would pay $3,000 on radio. The same spot on national broadcast costs more than $60,000, he says.

What kind of value or response can an advertiser get from putting money into radio rather than tv? In addition to cheaper rates, replies Weed, "we offer consistent listeners." His point is that Mutual only offers one game per week while the tv network may offer several games, and rotating teams. Theoretically, since Mutual only broadcasts Notre Dame football, advertisers can be confident that the hard-core fan will be tuning in each week to note the team's progress, rather than flipping dials around the set to see what other event is being aired. However, Weed, alluding to the glut of sports fare available, and some less than spectacular ratings as a result, offers a caveat: "We do find that advertisers are less willing to pay a high premium for sports programing, which has been exacerbated by spiraling costs for these games."

Some products find that radio has definitely helped their sales. One of the success stories has been Molson beer. To stretch its limited budget, the import has spent 65% of its ad dollars in radio — a move which has paid off. The Canadian brew has become the

TOP 10 SPOT RADIO ADVERTISERS
1983 Expenditures
(millions)

1. Anheuser-Busch, Inc.	$40.675
2. General Motors Corp.	29.079
3. American Telephone & Telegraph	27.949
4. Coors, Adolph Brewing Co.	21.578
5. Miller Brewing Co.	19.214
6. Chrysler Corp.	16.651
7. Delta Air Lines Inc.	15.309
8. United Airlines	14.636
9. Van Munching & Co. (Heineken)	14.603
10. PepsiCo, Inc.	14.205

Source: Radio Advertising Bureau, Inc.

TOP 10 NETWORK RADIO ADVERTISERS
1983 Expenditures
(millions)

1. Jeffrey Martin, Inc.	$21.731
2. Sears, Roebuck & Co.	10.629
3. Cotter & Co. (True Value Hardware)	9.648
4. American Telephone & Telegraph Co.	9.512
5. General Motors Corp.	9.411
6. Dow Jones & Co.	8.611
7. Warner-Lambert Co.	7.823
8. Campbell Soup Co.	7.429
9. Ford Motor Co.	7.186
10. Anheuser-Busch, Inc.	6.914

A CONVERSATION WITH DENNIS McGUIRE

Lawrence Barns

Dennis McGuire, radio supervisor at Cunningham & Walsh, stands out as a champion of radio.

Q. *Where do you stand on Arbitrends? Stations are resisting the extra costs of the new monthly reports, but many agency radio buyers say it would make buying radio easier.*
A. I really don't think Arbitrends is needed — it would cause more trouble than help. That's because radio does not have the immediacy of tv — radio audiences do not fluctuate significantly month to month. With radio, it takes time for audiences to build. Buyers would be flooded with information that they don't need, and that might not even be valid, especially in the case of a station changing formats.

Q. *If not Arbitrends, what?*
A. I would like to see stations in major markets which currently have four quarterly books, increase that up to six reports. And in smaller markets, which currently have only one ratings book, to upgrade to four. Another improvement would be to increase the number of diaries in a given market report to make the audience information more statistically valid.

Q. *The Radio Advertising Bureau is trying to instill a new level of professionalism in selling the medium — to be less cutthroat with each other, and to unite to build the medium's image and bring more dollars to radio. Do you see any improvement in that area yet?*
A. It's beginning to happen. Internet, for example, is actively positioning radio as a better buy than tv, looking to bring more dollars into the market for radio, rather than just try to slice up what's out there.

What would be even better would be if the radio reps would start talking to the account groups at the agency, not just the planners as they do now.

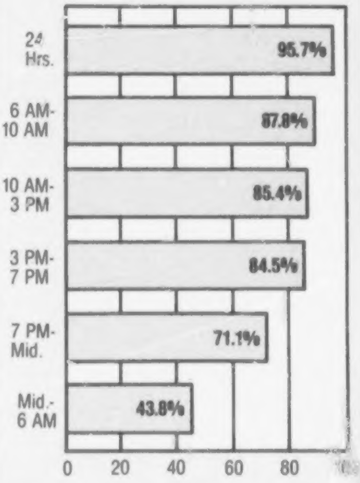
Q. *Is cable cutting into radio's turf?*
A. No, the medium that is suffering from cable is network tv. The only radio daypart that has really been affected by cable is evening, which was never radio's strongest daypart, anyhow. Cable has not hurt drive-time or midday, however.

Q. *What do you see in the way of cost increases for 1985?*
A. Minor — 5% to 8% overall and that's because we're coming off an election year and the Olympics; plus the economy, with inflation slowing down, is good. Prices rose from 1983-84, about 12%, but buyers simply won't put up with that.

Q. *What is your pet peeve about buying radio?*
A. The fact that all stations will not list their rates in SRDS. I understand the plight of the stations — their payments to Arbitron are based upon their highest ratings, and therefore they aren't eager to have those numbers published. But for my planning purposes, it's a tremendous deterrent. If I can't get a quick answer to clients about a station's rates, I might lose that client to television.

RADIO'S REACH BY DAYPART IN PERCENT

Persons 12+ (Mon.-Sun.)



Source: Radio Advertising Bureau, Inc.

second most popular import behind only Heineken. "Spot radio is the primary medium for us, plus some tv," tells Roy Shane, director of marketing for Molson. He also adds that the 1985 budget for both media will be "significantly higher."

Molson doesn't buy into radio formats; rather it looks for shows which offer the demographics it is seeking. The brand might be found on a sports show in one market, and on a country and western outlet in another.

Competitor Anheuser-Busch is also a major radio advertiser. Chuck Fruit, vice president of corporate media for the brewer, says they like to sponsor play by play sports around the country, because it usually attracts the prime beer drinking 21-49 year-old audience. Anheuser also spends heavily on young adult type programs, in hopes of reaching the 21-34 year-old age bracket.

Ogilvy & Mather has used radio extensively for a number of clients, most notably Trans World Airways and American Express. "TWA's primary radio sponsorship in key markets is in sports because they are trying to reach business people, and the 25-54 year-old age group who flies on a regular basis," explains Mark Rice, assistant

Continued on page 117

Consumer magazines ask for 7% rate hike

Conservative increases expected to help maintain healthy ad growth.

Aiming to maintain the momentum of an upward trend, consumer magazines are playing it conservative by asking ad buyers to pay smaller-than-expected rate increases in 1985.

While the cost of publishing continues to mount — particularly paper prices — most analysts, advertisers and their agencies anticipate they will pay only an average 7% more in the printed medium. That increase follows rate hikes of between 8% and 10% during 1984.

An increasingly healthy consumer magazine industry, driven in part by the rise of special interest publications (such as computer magazines), and by the high cost of competitor television, has seen both larger page and ad revenue growth than in preceding years. Pages were up only 3% during 1981 and 1982, while revenues were up 12% and 5% consecutively.

But the current year is a particularly strong one for magazines — a propelling effect that the industry doesn't want to lose. Magazines should be up 15% in revenues and 8% in pages during 1984, predicts McCann-Erickson's senior vice president, director of forecasting, Robert J. Coen.

"The increases we have seen so far look as though magazines will be playing it safe. If they are faced with greater cost pressures in the coming year, it is not reflected in the modest increases they are asking for," reports Thurman Pierce, vice president, U.S. manager, print media, at J. Walter Thompson.

PAPER SUPPLY

One logical reason magazines are asking for reduced rates is that prices have been growing at a slower rate: the consumer price index shows only a slight gain of 4.1% this year, nearly equal to the price increases of 1983's 3.8% and 1982's 3.9% but far less than 1981's 8.9%.

This year's and next year's ad rate increases reflect what has happened historically, however; magazines charge a higher CPM increase than is justified solely by consumer price index readings. Since 1976, for instance, the Magazine Publishers Association figures, CPMs have risen 89% compared to a 75% CPI increase over the seven years ending in 1983.

The rallying cry, therefore, among buyers, is to hold the line in 1985. "We have always been against large magazine rate increases and this year, based on the rate of inflation, large increases will be unjustified," emphasizes Jack Schneider, group media manager at Seagram Distillers Co.

Advertisers already have budgeted reduced percentage increases for magazines next year. R.J. Reynolds, for example, is counting on rates to be up by 6% to 7% in 1985, according to Dan Pearson, director of media.

Campbell Soup Co. has built into its magazine budget leeway for publishers to increase costs by as much as 10% but is counting on prices falling under that mark, notes Patty Green, assistant manager, media services.

The cost side of publisher's balance sheets, has given buyers, however, reason to believe that past rate hikes have been fair. Production costs, for example, have risen 102% between 1976 to 1983.

SUMMARY OF RESPONSES TO MPA FINANCIAL SURVEYS

1981-1983

(Amounts expressed as a percentage of total magazine revenues)

	Percentages		
	1981	1982	1983
Total number of magazines reporting	170	192	154
Revenue			
Net advertising revenues	51.08	50.19	49.87
Gross subscription revenues	33.30	33.32	33.70
Gross single copy revenues	15.62	16.49	16.43
Total magazine revenues	100.00	100.00	100.00
Advertising expenses	8.21	8.80	9.15
Circulation expenses	24.58	24.74	25.06
Editorial costs	7.75	8.24	8.40
Manufacturing and distribution expenses	41.07	39.51	36.91
Other operational costs	2.66	3.37	3.27
Administrative costs	6.76	6.58	6.32
Total magazine costs	91.03	91.24	89.11
Operating profit (before taxes)	8.97	8.76	10.89

Data: MPA/Price Waterhouse Financial Survey

This year, and next, one aspect of production costs — fees for paper — has become especially troublesome to publishers. Increased demand for paper (a commodity that swings in price based on supply and demand) already has resulted in a 23% increase in paper costs since October, 1983, points out Jim Lesac, Meredith Publishing's corporate director of purchasing.

Paper cost increases so far have come in three waves of about 7% each, starting in October 1983, with subsequent increases in January, 1984 and July, 1984. Next year prices are projected to jump another 10%, according to Strategic Futures Inc., a marketing consulting firm in graphic arts, which recently completed a thorough study of the tight paper market.

What has aggravated the situation, according to the firm's study, is increased demand for high-quality coated paper from coupon distributors who are after higher redemption levels. Of total coupons run, 36.6% in 1983 ran in free-standing inserts, an increase from 26.2% in 1981, according to a sales promotion report by D'Arcy, MacManus & Masius. In addition, retailers, faced with greater competition from off-price chains and specialty shops, have opted to print catalogs in greater quantity and on quality paper.

Even though the paper report notes that demand is 6% greater than supply for the industry during 1985, many ad agencies and advertisers who buy magazines remain skeptical. (See Leo Scullin's remarks in question & answer sidebar.) The claim from buyers is that magazines will exaggerate the severity of the shortage in order to justify any possible ad rate hikes. In addition, they point to the probability that many large publishers, who have already locked up paper supplies in advance of the shortfalls, will be able to pass along increased costs without actually paying those higher rates themselves.

But, according to Dick Serafin, Time Inc.'s corporate director of purchasing, even Time does not have "all the paper that it would like to have on hand."

"We try to plan ahead as well as possible to protect ourselves. And if we have a good idea of what our magazine's demand will be then we can contract for a particular amount of paper," Serafin says. But he notes that the publisher would like to have "more flexibility in paper supply to offer advertisers special inserts and gatefolds."

Time, however, has no plans to either cut back its magazines in size or shift to non-coated stock if the paper shortage becomes a major problem, according to Serafin. Time had shifted to alternative paper stock during the most recent paper shortage in 1979, but Serafin concedes that move "was not accepted well by anyone."

Consumer Magazines Advertising Rate Index

	Unit Rates	Cost-per Thousand	CPI
1970	100	100	100
1977	119	123	156
1978	120	135	168
1979	140	146	187
1980	156	162	212
1981	173	179	234
1982	189	195	249
1983	203	212	258
1984*	220	229	268

* Estimate

Magazine Advertising Rate Increases Compared to Other Media Cost per Thousand

	1970-1977	1977-1984	1970-1984
Consumer magazines	23%	85%	128%
Business magazines	28	64	110
Day net TV	77	58	180
Eve net TV	67	128	281
Newspapers	75	81	217
Nat'l Sunday Mags.	48	83	171
Net Radio	8	41	52
Outdoor	53	106	215
Consumer price index	56	72	168

Source: James B. Kobak & Co.

Consultant eyes magazines' cost picture

The magazine industry has picked up strength this year on top of big gains in 1983, according to magazine consultant, James B. Kobak.

While there was some softness in newsstand sales, other economic indicators were up, Kobak finds.

One particular indication of magazines' continued prosperity is the addition of 110 more titles in Standard Rate & Data than there were a year ago, he notes.

Advertising volume also remains strong, Kobak observes, pointing out that advertising pages in major magazines were up 10% in 1983 and have continued with gains of similar amounts this year. In addition, he figures that advertising dollars were ahead by 15% last year and are up the same percentage in 1984.

Accordingly, consumer magazines have increased their ad rates: by some 7% in 1983 and another 8% for 1984. Even so, Koback says the increase since 1970 has been much less than the consumer price index and less than most other major media. Since 1977 increases have been greater than the CPI.

As for circulation, Kobak notes that prices continued to escalate during 1983, and that there are no signs that the peak has been reached. Circulation has been taking an increasing share of the revenue, he says, but that trend will change this year, according to Kobak, who estimates that advertising during 1984 will make up 52% of revenues.

Single copy sales, which were down marginally in 1982 and 1983, are beginning to show greater strength this year, Kobak continues. Losses in single copy sales, however, have been offset by increases in subscriptions.

Meanwhile, Kobak notes that in recent years publishers have benefited from a hiatus in the seemingly endless cost spiral. During the past year, however, he says paper has been in short supply and prices have increased some 25% in the last 12 months with another 10% to 15% rise anticipated.

Consumer Magazine Sources of Revenue

	Advertising	Subscriptions	Single Copy
1970	64.33%	27.91%	7.76
1977	55.47	29.59	14.94
1978	53.69	28.67	17.64
1979	52.22	30.41	17.37
1980	51.14	32.67	16.19
1981	51.08	33.30	15.62
1982	50.19	33.32	16.49
1983	49.87	33.70	16.43
1984*	52.00	33.00	15.00

* Estimate

Consumer Magazines Circulation Price Index

	Average Single Copy Price		Average Yearly Subscription Price		Consumer Price Index
	$	Index	$	Index	
1970	$ .63	100	$ 7.16	100	100
1977	1.11	176	13.39	187	156
1978	1.21	192	14.86	208	168
1979	1.33	211	16.30	225	187
1980	1.48	235	16.75	234	212
1981	1.62	257	18.06	252	234
1982	1.80	286	20.28	283	249
1983	1.97	313	21.53	301	258
1984 (est.)	2.07	329	22.61	316	268
1970-1977 Increase		76%		87%	56%
1977-1984		87%		69%	72%

Source: James B. Koback & Co.

There are signs that the paper shortage could worsen before it gets better. Since the previous two periods of shortages, in 1974 and 1979, additional capacity has been created by paper producer St. Regis Corp. But expanded supply will not be ready until the end of 1986, when Consolidated Papers, Inc., starts production from a new machine, announced this summer. If demand continues to build from retailers and coupon distributors, shortages could result in another round of increased paper prices.

A second cost burden magazines will be forced to bear in the coming year is the increased cost of doing business with the U.S. Postal Office. Magazines use both second class, for mailing out magazines, and third class, for soliciting subscriptions.

The Postal Rate Commission is expected to recommend by September 10 that second class mail charges increase by 12% and by 27% to 28% for third class. The rationale given is that the $28 billion business needs another $3 billion in 1985 to break even — despite a current surplus of $600 million. The Board of Governors, which evaluates the proposal, may, in light of the surpluses, trim some suggested increases. But, it is likely that first the board will act to reduce price hikes intended for first class mail. The proposal is for a 23¢ stamp.

Regardless of the board's decisions, however, the Magazine Publishers Association is "telling publishers to expect 15% to 20% increases in postal costs overall," says Chapman Carpenter, senior vice president at the MPA in Washington, D.C.

The proposed postal hikes follow a modest 1.9% increase in 1982. The increase before that occurred in 1979. However, Carpenter points out that postal costs for magazines have increased by 450% since 1970 as the postal service reorganized and second

Reach
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"read yesterday"
68.7%*
(five-issue reach — 82.7%)
"read last Sunday"
82.7%*
(five-Sunday reach — 92.5%)
The Green Bay Metro Market
is yours in the
Green Bay
Press-Gazette
represented by
Gannett Newspaper
Advertising Sales
* Survey of Green Bay MSA adults,
Bergo & Matousek Research.

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class mail, which was heavily subsidized prior to the 1970's entered a pay-as-you-go era.

While advertisers and their agencies are aware of — and some even sympathetic to — magazines' greater costs, most are not likely to increase budgets to cover those additional costs, especially if magazines have to raise rates midway through next year to account for postal and paper's additional expense.

Says Reynold's Pearson: "Rate hikes give us less effective buying power, particularly mid-year ones. If they raise rates mid-year, we won't have the money budgeted to cover that."

The trend has been to raise rates only once a year, although during the periods when inflation was escalating, many magazines chose to soften the blow by two smaller punches spaced out more equally. "We're not living in that inflation-frenzied period," says JWT's Pierce, even as he notes that *People* magazine has raised rates twice this year.

While most buyers have generally considered magazine rate hikes in the past to have been fair, they are a tough lot when it comes to evaluating what is a just price because of the availability of financial data for magazines.

The MPA's recently released financial survey by Price Waterhouse shows that magazine profitability actually has increased since 1982. The study notes that the average pre-tax operating profit as a percent of revenue for 154 magazines participating in the survey was 10.89% in 1983, compared with 8.76% for the 192 magazines responding in 1982. In addition, the research mandates further study of just how severe manufacturing costs are for publishers. That category, which includes paper, has decreased costs from 41% of magazine's total revenues in 1981 to 36.9% in 1983. (Paper costs are estimated to make up slightly more than half of those manufacturing expenses.)

Other expenses include 9% of total costs for advertising, 25% for circulation, 8% for editorial, 3% for additional operating costs and 6% for administrative, according to the study. Beyond that breakout of expenses, the MPA, in a separate documentation, notes that postal costs factor in at 10% of magazine revenues.

With buyers keeping abreast of these cost trends, publishers are increasingly being held in check. "More and more accountability has become the name of the game," says Sy Goldis, senior vice president, media services at Doyle Dane Bernbach. "Magazines in the past didn't explain rate increases but now it's in vogue to go into greater detail with clients and their agents who are expecting value."

Buyers, however, may take solace in the fact that readers are increasingly picking up a higher percentage of the

Basic Data for Consumer Magazines
Selected Years — 1960-1983

	1983	1982	1981	1980	1970	1960
Number, including farm publications	1,759	1,644	1,541	1,5[illegible]	1,182	1,005
Advertising in major magazines						
Pages (per year)	133,000	120,800	121,500	115,300	76,900	74,900
Dollars (millions per year)	$3,939	$3,421	$3,222	$2,374	$1,169	$830
Circulation per issue						
ABC audited magazines (millions)						
Single copy	83	86	87	91	70	62
Subscription	222	217	203	174	173	128
Total	305	303	290	265	243	190

Source: James B. Kobak & Co.

tab than advertisers. Over the last eight years, circulation revenues from subscriptions and single copy sales have increased from 45% to 50% of total magazine revenues. In addition, MPA figures show that subscription prices have increased 119% and newsstand prices by 205% between 1976 and 1983. (CPM's have increased 89% during the same time period.)

Magazines gain a further price advantage when their CPM's are contrasted with other competitive media. Magazine consultant James B. Kobak notes that from the period 1970 to 1983, day net tv rose 1% faster than the consumer price index, evening net tv 58% more rapidly, newspapers by 32% more, and outdoor by 27%. Business magazines, spot tv, radio and supplements' cost increases were lower than the CPI, according to Kobak.

Even though magazine rate increases to advertisers have fallen at a mid-point between other media, one difficult issue the magazine industry has yet to face squarely is how much will advertisers pay for a single page in a publication. Annual ad rate increases, coupled with circulation gains, have resulted in page rates of as high as $275,000 (the cost of a single page in *Parade*). In many other large publications, such as the women's service books, it has become common to ask for $100,000.

> “**Large increases will be unjustified.**
>
> Jack Schneider, Seagram's.”

"It's a tough question: how high can they go before it becomes unacceptable?" says Jay Schoenfeld, senior vice president, media director at Backer & Spielvogel.

Signs that the pressure point is about to be reached are present. They take the form of rate-breaking, selling discounted rates from what are supposed to be fixed prices. Although actual deal-making is reportedly not a factor yet, some advertisers are asking for (Ford Motor Co., for one) special allowances to use merchandising credits as a subtraction from page rates.

A CONVERSATION WITH LEO SCULLIN

Lawrence Barns

Leo Scullin, Young & Rubicam's director of print media, has developed an expertise in magazines.

Q. *Based on the gains in ad pages and revenues this year for magazines, do you think that rate increases to advertisers also will be higher than usual?*
A. I agree that magazines will try to get healthy increases in 1985. I think there's two reasons for that: one, demand is up and secondly, paper prices have gone up.

Q. *Publishers have been complaining that soaring costs for paper this year will prove to be a nightmare. Do you think that rising paper prices will be a just rationale for ad rate increases?*
A. They're going to fuel the perception that everyone is going to be suffering and that advertisers are going to have to go along with it. I don't buy that. According to Price Waterhouse's study of magazine's cost of doing business, manufacturing only accounts for 36% of the total and that percentage has declined a few points from a few years ago. Paper's percentage is only 15%. A 10% increase in paper prices would turn out to be a 1.5% increase in the cost of doing business.

Q. *How serious do you perceive the paper shortage to be for publishers?*
A. I don't think the dilemma is as significant as most think. Some publishers are very, very smart. The smart ones, who have locked up their paper supply for the long haul, are going to be able to ask for and get rate increases from advertisers too, because the perception will be everybody is suffering. But I know not everybody got caught.

Q. *Postal costs have not risen for several years and the government this year seems to be diverting the threat of a strike with counterthreats of firing anyone who strikes. Paper costs also are not so worrisome to you. With inflation expected to be slowed somewhat this year, do you feel magazines are justified in asking for cost increases in 1985?*
A. I expect certain increases based on the costs of doing business and beyond that, advertisers have grown accustomed to paying increases based on inflation. But beyond that, I also think it's fine to ask for a rate increase if a magazine is in demand.

Q. *What do you feel is the right level of ad rate increases?*
A. I'll expect specific rationale for any increase over 10%. I'll also

Continued on page 70

Magazines, however, still are often viewed as the less costly alternative to television. For example, during the traditionally tight market year of the Olympics and the elections, magazines generally benefit as they did this year as prices for television soar beyond some advertisers' reach. The following year, however, prices subsequently fall off, creating a new tougher selling environment for magazines.

But the coming year breaks that rule. Advertisers paid 10% to 12% during 1984-85 up-front buying season for prime time programing, more than the single digit increases of the previous year. And daytime tv prices went through the roof — up by as much as 12% to 25% during the up-front market.

In light of those cost trends, it is hard to predict exactly how magazines will fare. There are two schools of thought, according to Steve Leff, executive vice president and director of media services at Backer & Spielvogel. "If tv costs rise rapidly, then that gives magazines more rationale for greater increases, too. But the more ad dollars tv chews up, the less left over for those with a limited budget to spend in other media."

There is no doubt, however, among buyers of magazines, that the medium has some serious obstacles to overcome. One is the fact that research services, Simmons Market Research Bureau and Mediamark Research Inc., don't agree on how big the audience is for magazines. Until credible figures from the services emerge, agencies massage the numbers for their own purposes, often averaging two year's results into one or using circulation figures instead.

The problem with using circulation figures is that cost per thousand calculations come out much higher against television, for instance, than if audience figures are employed. The issue is a particularly difficult one for magazines because ad agencies share in the cost of audience research studies.

Percentage of Paper Used

Pounds	1983	1982	1981
32-36	54.4%	57.2%	53.8%
38-44	24.0	23.6	28.0
45-50	10.5	8.6	8.4
60 +	11.1	10.6	9.7

Source: James B. Kobak & Co.

In addition, buyers would like to see more research by the magazine industry on one of the strongest selling points it has: reader involvement. MRI has moved in that direction with a readers per copy figure in its latest research. SMRB is expected to release its own figure within the year.

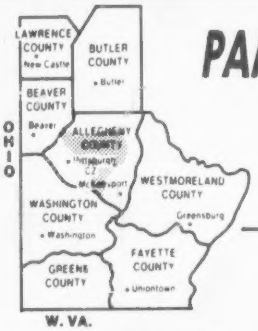
Furthermore, advertisers and their agents would be very pleased if magazines would start selling their media more creatively. They are tired of hearing how magazines stack up against television even though the MPA's senior vice president/marketing development, Marianne Howatson, claims that a newspaper and trade campaign it launched last year to bring attention to network tv erosion highlighted that sticky problem while resulting in greater magazine business.

"This sort of negative selling against television never works," counters Goldis at Doyle Dane Bernbach. "They have a lot of other pluses which are unique that they should be out selling."

For starters, he suggests that magazines, if they really want to put in a plug for their industry, try talking about compatability of editorial environment for advertisers and such things as reader's interaction with publications.

Magazines, if they are going to continue to prosper, must find a way to sever their economic ties to the demand and supply tides of television. Additional research that goes beyond sheer numbers — which television has anyhow — and delves into quality considerations could prove to be one way magazines will avoid valleys and peaks.

Rebecca Fannin



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- UNIONTOWN HERALD STANDARD
- WASHINGTON OBSERVER REPORTER

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Booming business press plans small cost push

Healthy business press means modest increases for advertisers.

Happy days are here again for the business press, and the joy is spreading to business advertisers. Advertising costs in business publications, which had been rising at an average 10% rate over the past few years, have stabilized at a lower level with the booming economy. Advertising agencies and major business advertisers alike anticipate only modest rate increases, ranging from a conservative 6% to a more guarded 9%.

M&MD's panel assays rates for business publications will rise 7.5% during 1985.

Much of the jubilant outlook comes from the nature of the medium itself. The business press is more responsive to the economic pulse of the country than any other medium, although it usually lags boom and cutback cycles by about six months. Within the categories of business press, the connection is even tighter: the fate of these magazines is almost entirely dependent on the health of the sector they serve. "How close is the correlation? About one," emphasizes Peter Sprague, executive vice president of the U.S. Business Press group of magazines, voicing a view shared by other publishers. A boom year for the economy, such as 1984, is a boon to the business press.

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PROFESSIONAL TRADE TOWERS

Economic health notwithstanding, some clouds loom on the horizons — cost pressures for publishers that are likely to be translated into higher rates for advertisers. One major area of concern is the paper shortage, a situation aggravated by increased use of coated magazine stock by non-traditional users such as catalogue publishers and couponers. American Business Press president Tom King says simply, "The way things look now, there isn't going to be any relief in the near future." Foreign producers already provide 8% (or 150,000 tons) of the paper, according to John Glifford, a paper analyst at Clayton International, but as one McGraw-Hill executive adds, even those sources are drying up. Since printing and paper can represent as much as 50% of non-editorial costs, publishers are understandably alarmed by the increases promised and hinted at by paper manufacturers — between 6% and 7% every six months, a compound annual rate close to 15%.

Another stumbling block is the anticipated postal rate increase, scheduled tentatively for March, 1985. Postal expenses vary by publisher, but the aggregate percentage has been slowly moving up, from 7.7% to more than 8.5% today, according to figures compiled for the ABP by John DeWolf, vice president of corporate research at Cahners Publishing. Most publishers expect the postal rate hike to translate into a 10% to 15% increase in postal expenses, although some are even more pessimistic. Richard Duffy, vice president of publications at Chilton Company, for example, foresees a 20% hike.

On the other hand, say the publishers, they have been trying to offset production costs with improvements in printing technology. Printing costs

Business Magazines' Expense Ledger

	Costs			Projected Costs			
	1974	1977	1982	1983	1984*	1985	1986
Compensation	32.3	23.9	24.0	23.38	26.64	30.06	32.70
Printing	18.4	15.5	15.8	16.20	20.13	23.02	25.14
Paper	9.3	10.5	11.0	10.63	13.51	14.83	14.75
Postage	7.7	9.2	8.7	8.53	10.07	11.84	12.13
T & E	6.2	4.4	5.2	5.30	5.54	5.91	6.38
Other	26.1	32.5	35.3	35.96	37.61	40.10	43.30
	100.0	100.0	100.0	100.00	113.50	125.76	134.40

* Indexed to 1983 figures.
Source: John DeWolf, Cahner's Economic Department, for the ABP

have indeed fallen, from an average 18.4% of costs to 16.2% over the past ten years, according to the Cahners figures. But printing costs are expected to increase sharply over the next few years — by at least 4% in 1984, and another 3% in 1985. Much of this increase is due to publishers' reluctance to make investments in capital when interest rates are high. According to Bernie Newman, vice president and media manager at Needham Harper & Steers, most presses are already functioning at capacity, making the need for greater capital expansions more immediate.

What do these aggregate changes bode for advertisers? ABP's Tom King predicts that these changes will average out to a 9% overall increase in rates. Most advertising agency executives aim a little lower. Marty Schwartzberg, media director at Hammond Farrell, an industrial advertising agency, sees costs coming in between 6.5% and 8%, which he attributes to the upturn for metalworking, chemical and other industrial magazines. At Marsteller, on the other hand, media director Carla Loffredo sights a broader spread — between 8% and 12% — which takes into account the higher rates electronic and high-tech publications are expected to charge this year.

Yet the aggregate figures tend to be misleading. It is almost a strain on the language to lump diverse areas such as medicine, electronics, petroleum, and machine tools into the same category, business press. While the medium itself has been growing at a steady 4% rate among audited publications, bringing the total this year to almost 2,800 — over 4,500 if one includes unaudited publications also listed by Standard Rate and Data Services — growth rates of different industry publications vary wildly. Perry Patterson, director of corporate research with Gordon Publications, notes that total business publications advertising pages are increasing by 6% this year, and will grow another 4% in 1985. But within the oil and petroleum press, he has observed a 12.5% decline in advertising pages — matching the downswing in that industry — and anticipates no growth at all for 1985. Among data processing magazines, on the other hand, Patterson notes a 15% growth, to be followed by an additional 8% growth next year. Plastics figures, skew all projections, fattening at a 30% rate this year, with a more modest 4% expected for next.

Similarly, J. Walter Thompson's Bert Peller has studied the 100 leading business publications — of which 29 are high tech, 16 medical, 19 retail or services oriented, 22 heavy industry related, and 14 heavy industry service magazines. Although he notes that overall advertising revenues leaped 20.1% this year with an 11.8% increase in pages, the figures for some individual areas are even more im-

Business Magazines Advertising Rate Index

	Unit Rates	Cost per Thousand	Consumer Price Index
1970	100	100	100
1977	137	128	156
1978	141	132	168
1979	149	140	187
1980	157	148	212
1981	166	158	234
1982	181	172	249
1983	195	186	258
1984*	211	201	268
1970-1977 Increase	37%	28%	56%
1977-1984	54	57	72

* Estimate
Source: James B. Kobak & Co.

Basic Data for Business Magazines Selected Years — 1960-1983

	1983	1982	1981	1980	1970	1960
Number	3,039	2,846	2,675	2,364	2,376	2,310
Advertising in major magazines						
Pages (thousands per year)	1,705	1,741	1,776	1,480	1,093	1,200
Dollars (millions per year)	$2,470	$2,328	$2,156	$1,495	$836	$547
Circulation per issue (millions)	72.0	71.5	70.0	66.8	62.3	47.6

Source: James B. Kobak & Co.

Advertising revenues in 100 business publications
6 months 1984 vs. 6 months 1983

Publication Category	Number Of Publications	Revenues 1984 $	1984 Share	1983 $	1983 Share	Change
Electronics/High Tech/EDP	29	$170,041,018	36.5%	$127,990,123	33.0%	+32.9%
Pharmaceutical/Med. Svcs.	16	69,402,491	14.9	65,642,512	16.9	+ 5.7
Industrial Markets	22	69,438,867	14.9	61,768,498	15.9	+12.4
Industrial Svcs./Consultants	14	62,894,087	13.5	54,991,237	14.2	+14.4
Retail & Professional Svcs.	19	94,002,635	20.2	77,807,208	20.0	+20.8
Total	100	$465,779,098	100.0%	$388,199,578	100.0%	+20.0%

Source: The Gallagher Report 6/4/84

pressive: revenues for the five leading microcomputer magazines zoomed up 111.7%, for example.

It is this tremendous growth among high technology business magazines that has led some advertisers to fear higher rate increases. "There is such high demand for the product," says King, "that some publishers will feel safe going for a larger rate increase — the market can stand it." He adds that advertisers will owe part of their cost increases in most magazines to the state of the economy: "It may not be as easy to justify rates when the economy is booming, but publishers feel that budgets are less tight."

Since business press audiences do not change much year to year — less than 1% on average — cost per thousand is expected to increase almost parallel to unit costs. This, says Hammond Farrell's Schwartzberg, will not deter his clients at all. Like most advertising agency executives who make frequent use of the business press, he finds CPM a poor indication of a magazine's merits and costs. Part of his reason is that the vertical publications — backed with readership studies — deliver the audience his clients want. "If a magazine has an audience I want," he adds, "even if it's only 50% exact, I'm happy with that. I really wonder what the value of CPM analysis is in this business. There are some people who look at business magazines that way, but I'm not sure those are the people that matter."

Other agency executives note that CPM trends are less important than the new way business advertisers are approaching the business press. While companies still go into business vehicles to sell their product to their particular users, they are also becoming more attuned to the nature of that audience. Much of this has been the result of greater research by publishers. Richard Groves, chairman of International Thomson magazines, explains that an "on-going research program" is a built-in cost for all magazines. "Of course," he continues, "it's tough to estimate what the market research costs — it's proportional to the activity and the competition in that field."

Other publishers agree. "Spending money to find out what the reader wants," says McGraw-Hill's Paul McPherson, executive vice president of publications, "allows us to fine tune the editorial. It creates a self-selected readership." This attention to the au-

ONE OF THE NATIONS BEST TEST MARKETS

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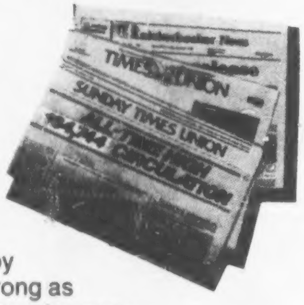

While our network affiliates combined prime-time household rating has dropped over 20% since 1976, the Albany-Schenectady-Troy MSA's #1 newspaper buy is as strong as ever. Less than $1900 buys you a quarter page Sunday and daily combo, delivering 99 GRPS and 60% reach.

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NEW YORK'S CAPITAL NEWSPAPERS
TIMES UNION
Mornings and Sundays
Knickerbocker News
Evenings
DIVISION OF THE HEARST CORPORATION

dience's profile is leading some agencies to promote audience, rather than vehicles, to their clients.

"That is the new rule of business to business advertising," agrees N W Ayer's vice president and media director, Thomas Spasari. "You can find your audience in different ways, either by combining various publications in different areas, or by going to other media entirely." At Needham, vice president and media manager Newman says he has observed a similar trend. Citing Xerox's advertising as a case in point, he notes that "business advertising is seeking out a leisure environment. We still have to be involved in the targeted media, but the other media give us an advantage — because the advertising is unexpected." Xerox's familiar marathon runner campaign for its copiers, for example, appears in such diverse magazines as *Runner*, *Esquire* and *National Geographic*, overlaid on a media mix that includes general interest business publications and newsweeklies. Account supervisor Peter Gardner estimates that the separate budget "dedicated to vertical markets" represents about 10% to 15% of all print expenditures. Copy in such magazines as *En-*

Projected advertising pages for several magazine categories

	1984	1985
Engineering & construction (15 publications)	+5%	+7%
Metal and products design (12 publications)	+15%	+7%
Oil and petroleum (6 publications)	−12%	0%
Telecommunications (3 publications)	+20%	+5%
Plastics (4 publications)	+30%	+4%
Data processing (OEM manufacturers) (4 publications)	+15%	+8%
Micro computer (end users) (10 publications)	−5%	−2.5%

Source: Perry Patterson, director of corporate research, Gordon publications.

A CONVERSATION WITH BILL MARSTELLER

William A. Marsteller founded Marsteller Inc. in 1951. He co-founded Burson-Marsteller, the public relations firm.

Q. *You have noted that the business press is consolidating.* (M&MD, Business Talks To Business Special). *What kind of an effect would fewer vehicles have on costs?*

A. Yes, we are probably in a period where the weak get weaker and the strong get stronger — you can bet on the consolidation of the business press. That ought to mean that costs will decrease for publishers, which may hold cost increases down somewhat. Conceivably, CPM might fall, since it's generally cheaper to buy a wider circulation in a field.

Q. *You have also observed that there are more opportunities for reaching business people — radio, and television, and programs like the* Financial News Network. *How do these avenues affect the cost of reaching a business target?*

A. They make it more expensive to reach. While you are reaching people you might not be able to reach otherwise, using many of those media also means that you are picking up a lot of waste. Also, while there is certainly a growth of financial media in radio and television, you can't ignore the growth in print. I'm thinking of the city business press, such as *Crain's Chicago Business* and the New York edition starting this fall — that's a growth area which will pick up advertising without question. Of course, media like that are very wasteful for someone with a narrow business service. Not necessarily for a bank, for example, but certainly for a manufacturer of forklifts or conveyor belts.

Q. *The news lately has been filled with stories of mergers and acquisitions, a trend toward the consolidation of business. How does this affect the business press?*

A. Mergers and acquisitions tend to lead to an increase of corporate or institutional advertising. Corporate advertising, as it's now called, wasn't so necessary when a company was a one product or one industry producer. A company that makes machine tools doesn't need to go out of the machine tool press to reach its audience. Now, a machine tool company that's also in several other industries, with other products, has a broader message, aimed not only at the customer for machine tools but at other audiences as well — the audience for stocks, for example. And as companies continue to diversify, there's bound to be a shifting weight toward corporate advertising. This is very difficult for the business press. But corporate advertising should be the icing on the cake, and you shouldn't eat only the icing. There should be product advertising running under the corporate advertising — and you need the specialized press for that.

For example, take Rockwell International. When they were a narrow company, they only needed a handful of business press to reach their primary audience. Now they're in a number of businesses, with plants all over, with sales all over but with a great proportion of those revenues coming from the

Continued on page 119

gineering News Record varies a little from the corporate creative.

It is predominantly relief from clutter that has driven business advertisers to expand out from the traditional business press sector to more consumer oriented publications. With ad revenue growth in electronic and high tech magazines topping 32%, it is hardly surprising that the greatest changes have been there. According to Robert Hogan, editorial director of Folio's *Ad Guide*, office machines, business computers, and corporate advertising represented 70% of all business advertising in general interest publications — with business computers accounting for a full 30%. Business revenues in these magazines totaled $303 million, or almost 8% of all ad revenues in consumer magazines. But, notes McGraw-Hill's McPherson, there has been no migration from business magazines; advertising in the consumer press comes in addition to the businesss magazine schedule. Bert Peller, at J. Walter Thompson, agrees, stressing that "there is certainly no cost advantage to going into the consumer press."

Advertisers agree, noting that media selection between consumer and business press depends on the company's structure . . . and budget. At 3M, for example, the diversified manufacturing company has put $3 million behind a corporate advertising campaign which depends on a mix between business and consumer print. However, cautions Karl Kaufmann, corporate advertising and international marketing communications manager, product advertising in business magazines still gets 75% of the media budget.

"Even when the business press costs go up, we've still got to advertise our products," he says, "although frequency may suffer." The company currently uses over 600 publications for its more than 50 divisions. "From a product standpoint, there really isn't any alternative. We can absorb 5% or 6% increases without changing frequency," he adds. Even though the corporate campaign does boost awareness, Kaufmann explains, it cannot substitute for product specific ads.

"If the business press balances their cost increases with increases in CPM," he says, "we won't be as concerned. Right now, they're postponing an-

Continued on page 119

Sources of Revenue

	Advertising	Subscriptions	Yearly Subscription increases
1970	71.1%	28.9%	100
1977	71.6	28.4	188
1978	72.6	27.4	209
1979	71.1	28.9	241
1980	69.0	31.0	276
1981	70.0	30.0	319
1982	70.2	29.8	351
1983	67.7	32.3	386
1984 (est.)	70.0	30.0	405

Source: James B. Kobak & Co.

If you could buy only one TV station in Nebraska, which would you choose?

How about the one that leads the nation in ADI share: KOLN-TV/KGIN-TV.

NEBRASKA
KGIN-TV
KOLN-TV
KANSAS

FIRST IN THE NATION
Early Fringe, Women 25-54 ....47%
SECOND IN THE NATION
Late News, ADI Homes.................49%
THIRD IN THE NATION
Total Day, ADI Homes..................34%
Early Fringe, ADI Homes 38%

KOLN-TV/KGIN-TV dominates the $3.1 billion Lincoln-Hastings-Kearney market you've got to cover if you want to cover Nebraska. Get all the facts and figures from your Avery-Knodel representative.

Television/Radio Age and Arbitron, May, 1983

AM-TV-FM
A Fetzer Station

KOLN-TV/KGIN-TV
Channel 10 A CBS Affiliate Channel 11
LINCOLN, NEBRASKA 1500 FT. TOWER / GRAND ISLAND, NEBRASKA 1069 FT. TOWER
Avery-Knodel Television National Representatives

Newsprint will up the cost of newspapers by 8%

But SAU's will cut the paperwork.

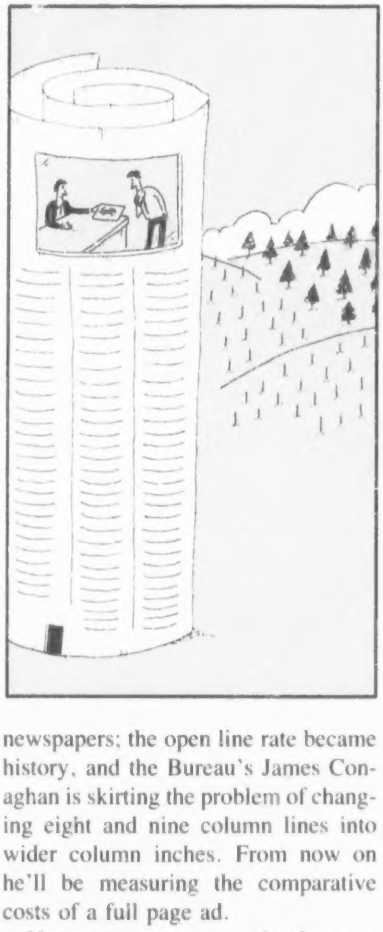
When newspapers adjust their rates, they usually give a reason for the increase, and the reason is most often the price of newsprint.

In 1983 the paper suppliers were unable to make their projected increases stick. One reason for the soft market was a shift of advertising from rop to inserts, many of which use magazine stock, creating a shortage in that medium.

This year with classified booming and rop up, the newsprint suppliers led by Abitibi and Macmillan Bloedel announced a July 1 increase for the eastern United States up to $535 per metric ton, compared with $484.25 in 1983. The West is expected to get its increase on October 1.

For the last three years, newspaper rate increases have been moderating along with inflation (see table, page 86). The Newspaper Advertising Bureau, while steering clear of rate making, keeps a monthly check on the actual open line rate changes of 784 newspapers, weighted according to circulations. They show an 11% to 12% increase in 1982 easing to a 9% to 10% uptick in 1983, and starting 1984 in the 8% to 9% range. Then along came the July 1 paper hike, and newspaper rates in the second quarter responded with 10% increases.

July 1 was Changeover Day for the newspapers; the open line rate became history, and the Bureau's James Conaghan is skirting the problem of changing eight and nine column lines into wider column inches. From now on he'll be measuring the comparative costs of a full page ad.



Newspapers want to make the most of this move to Standard Advertising Units (SAU's) and so the indication is that they will keep their 1985 rate rises at a moderate 8%.

The Bureau's monitor of rates, Jim Conaghan, makes 8% the high of his prediction, which is "6% to 8%."

That's the rop general rate. Inserts are expected to show a more modest increase: about 6%. There are two reasons for this: (1) The newsprint increase doesn't apply here, because the advertiser furnishes his own paper. (2) Inserts must compete with the Postal Service's bargain rate for combination mail.

What the reps predict

A spot check of the newspapers' national reps shows variations above and below with an average of 8%:

Branham: 8%.

Million Market Newspapers: 8 1/2% rop; 6% preprints.

Newhouse: 6% to 7% rop; 4% to 5% preprints.

Sawyer Ferguson Walker: 7% to 10%. "A few papers with circulation gains will go to 10%."

Story & Kelly Smith: 5% to 8%. "Very conservative compared with last year's 9% to 12%."

Landon: 6% to 7%. "Looking to return to 8% to 9% next year."

USSPI: 6% to 8% rop. "Hoping to go back to our newspapers and ask them to go easy on inserts."

What the agencies expect

Agency recommendations to clients are playing it safe; asking for contingency funds to take care of rate increases that are a shade higher than the newspapers' estimates:

Doyle Dane Bernbach: 9% to 10%.
Warwick: 7% to 10%.
McCann-Erickson: 7% to 8%.
Young & Rubicam: 8%.
J. Walter Thompson: 9%.

Softening the bite

Several factors make this year's newspaper rates easier to take:

(1) With the new SAU's, last year's cost of making several different size ads, or paying for float around one same-size ad will be eliminated in most newspapers.

(2) CPM's will be lower as more

A CONVERSATION WITH FRANK HAJEK

Four A's newspaper committee head: Frank Hajek, associate media director, manager print operations, Dancer Fitzgerald Sample.

Q. *All sources we've questioned come to a consensus of about an 8% rate rise for newspapers in 1985. How does that compare with the contingencies your agency is asking clients to plan for other media?*

Michael Mella

A. That sounds moderate to me. Some media, particularly television, will probably exceed that.

Q. *Newspaper space will cost more, but will the new SAU's lighten the load with art and production savings?*

A. Clients who were using last year's SAU's had already cut art and production costs. But they had to pay for float to fit those ads into all papers. Elimination of float will be the saving this year.

Q. *Now that both SMRB and Scarborough agree that newspapers have 2.7 readers per copy in the top 50 markets, will Dancer be giving newspapers credit for total audience in figuring cpm's?*

A. That's the big sticking point. I hope they'll use it up front at the planning level. Now that total audience is on line with other media data at the time sharing services, they'll probably use it as they do for the other media.

Q. *How many of your clients are taking advantage of Newsplan volume discounts?*

A. None at the moment. We used it for Toyota and for a tobacco account in the past.

Q. *One by one, newspapers are tooling up to offer quality color in offset. Are your clients interested?*

A. When we see good quality color uniform from one paper to another, we'll be interested. The Four A's committees are working with newspapers on this.

Q. *Is the fragmentation of network tv leading any of your clients into newspapers?*

A. Network tv is a favorite of our clients, but its rates and declining coverage are starting some to look for alternative media. Newspapers should keep hammering away to win consideration.

Q. *Are any of your clients making use of the special sections newspapers have started?*

A. I'm getting persistent questions from account groups about how these sections can target the right demographics. We study competitive newspapers to see which has the more pertinent section.

Q. *Newspapers can help you show accountability through the Nabscan data they generate at the supermarket. Are your clients using it?*

A. Several clients have used it. But with newspaper use being limited to coupons, Nabscan measures just promotion, not advertising. This is the big problem newspapers face. They have to change the advertiser's perception of them from a promotion medium to a consistent advertising medium.

NEWSPAPER GENERAL RATE INDEX

	1981	1982	%	1983	%	1984	%
January	97.50	108.71	+11.5%	120.08	+10.5%	130.46(r)	+8.6%
February	97.71	109.20	11.8	120.36	10.2	130.92(p)	8.8
March	97.94	110.02	12.3	120.87	9.9	131.91(p)	9.1
I Qtr.	97.71	109.31	11.9	120.44	10.2	131.10(p)	8.9
April	98.29	110.28	12.2	121.30	10.0	133.65(p)	10.2
May	98.70	110.38	11.8	121.67	10.2	134.54(p)	10.6
June	99.06	110.76	11.8	121.96	10.1	135.39(p)	11.0
II Qtr.	98.68	110.48	12.0	121.64	10.1	134.53(p)	10.6
July	100.03	111.22	11.2	122.78	10.4		
August	100.57	111.65	11.0	123.81	10.9		
September	101.83	112.57	10.5	124.83	10.9		
III Qtr.	100.81	111.81	10.9	123.81	10.7		
October	102.54	114.12	11.3	125.44	9.9		
November	102.78	114.76	11.7	125.48	9.3		
December	103.07	114.98	11.6	125.54	9.2		
IV Qtr.	102.80	114.62	11.5	125.49	9.5		
Year	100.00	111.55	+11.6%	122.84	+10.1%		

(r): Revised
(p): Preliminary
Source: Economic & Media Analysis Unit

agencies measure newspapers by the total audience standard they use for other media. Now that both SMRB and Scarborough audience studies are agreeing on 2.7 readers per copy, newspapers are making slow progress in getting agencies to give them credit for their total audience, rather than just their circulation CPM's. Since most national campaigns restrict themselves to the top markets, they get the greatest bonus in pass-along readership, which peaks in New York at 2.89 rpc's, and drops to 1.48 in the smallest markets.

(3) Coupon advertisers will find hot competition developing between the cooperative inserts and the national Sunday magazines. CPM's look headed toward a price war.

(4) More national advertisers are finding their way into the local rate by opening their own stores. Newspapers themselves are exploring ways to minimize the differential through dollar volume discounts. This won't happen in 1985, but it's on its way.

One more item: quality color is becoming available in more and more newspapers as they change to offset printing. Those changing are finding it difficult to interest national advertisers who are waiting for color in all papers. This frustrates newspapers who point out that advertisers didn't wait for color on all tv sets before they made the switch.

Lionel M. Kaufman

"South Bend still on our Middle America list of recommended test markets."

Ira Weinblatt, Senior Vice President, Dancer Fitzgerald Sample, Inc. and editor of DFS' newly revised "Guide To Test Marketing"

"We dropped 17 cities from our list of recommended test markets, added 18, but still name South Bend among the 8 cities we consider the most 'average of the average' – a sort of Middle America honor roll of test markets," according to Ira Weinblatt.

See proof for yourself that South Bend is an ideal test market for your product or service, too. Write for your copy of the *South Bend Tribune's* 1983/84 Market Data book. Or better yet, pick up the phone and call for your free copy now!

South Bend Tribune

Albert E. Petersohn, General Advertising Manager, *South Bend Tribune*, South Bend, Indiana 46626 • 219/233-6161
Represented Nationally by Cresmer, Woodward, O'Mara & Ormsbee, Inc.

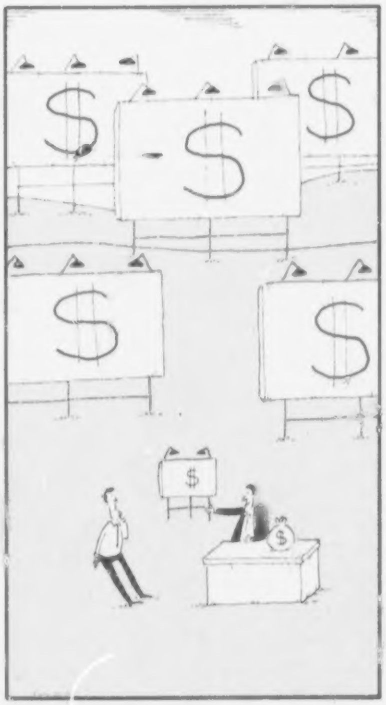
Outdoor: Trying to hold down prices, while labor, paper and land costs rise

It's becoming more difficult to get new advertisers to go into outdoor," sighs Irwin Schwartz, outdoor manager at Dancer Fitzgerald Sample. While cigarette and liquor advertisers continue to be the mainstays of the industry, the increased cost of out-of-home is closing the door to many potential advertisers, Schwartz says.

On average, the cost of outdoor is expected to increase by 8% in 1985. This is about the same as 1984, and half the 15.7% that was posted in 1983. The 8% price hike goes into effect the first of October, so the industry, according to some buyers, can take advantage of the pre-holiday burst of outdoor advertising, particularly from the spirits industry. But agency specialists in outdoor are not in complete agreement on just where the price increases will top out. Some anticipate a high of 10% on the basis of their talks with plant operators.

The presumed 8% average is based on projected increases for 30-sheet posters, painted bulletins and transit postings. Thirty-sheet posters are expected to increase by 6%, transit by 8% and painted bulletins by 10%.

Dick Briggs, vice president, director of outdoor home media at SSC&B, notes that the 30-sheet increase is about parallel to the consumer price index. Were it not for increased pressure from agencies and advertisers to keep the lid on, Briggs says, prices would exceed realistic boundaries. "We're going to make them hold the line," Briggs warns.



While rate card hikes would appear to be relatively consistent with consumer inflation increases, some agency outdoor managers believe the negotiated rates will be greater in 1985 than they have been this year, and higher by considerably more than 8%.

Outdoor plant operators have a different view of the pricing situation. They are subject to pressures from organized labor, a building boom which threatens to eat up existing site locations, and spiraling land costs which put pressure on rental fees, particularly in California. Site rental costs, some plant operators charge, are rising at a rate nearly triple that of inflation. Where increases of up to 12% were predictable in previous years, increases ranging from 16% to 18% are now common.

Labor costs in outdoor posting fluctuate around the country, which makes outdoor pricing vary by area. Unions, particularly the Teamsters, are strong in California, and they negotiate a higher hourly wage rate than unorganized workers are likely to receive in Waco, TX or Shreveport, LA.

Another factor is the increased cost of paper, which the advertiser pays directly. The cost of paper for a 30 sheet posting was between $8 and $10 only 15 years ago. In 1984, the cost runs between $23 and $30. But according to Dan Pearson, director of media at R.J. Reynolds Tobacco Company, paper price hikes aren't an expected worry in 1985. Magazine publishers and advertisers, he suspects, will find

Poster Panel Costs
50 top Metro Markets

	1979	1980	1982	1983	1984
January	$204.33	$223.93	$282.59	$305.82	$336.72
February	204.33	223.93	283.01	305.82	336.72
March	204.33	223.93	283.01	305.82	336.72
April	204.33	224.19	283.01	305.82	336.72
May	204.33	224.35	283.01	312.67	337.11
June	204.33	226.82	283.01	312.67	337.11
July	204.91	227.47	284.15	312.67	
August	205.03	227.64	283.99	312.67	
September	213.42	235.15	294.58	312.67	
October	219.60	245.64	305.82	335.71	
November	219.60	245.64	305.82	335.71	
December	219.87	245.92	305.82	335.71	
12-Month Average	209.03	231.22	289.82	316.15	

Source: IOA

that a greater concern than outdoor advertisers.

Pearson expects the price pressure in outdoor to abate next year. "We're sensing an increase in the 7% range, which is lower than in the past several years. It's consistent with the cooling of inflation. As for increased labor costs, a lot of plant operators have contracts up for renewal, and we sense that they are taking a stronger stand on productivity than in the past."

One agency outdoor expert pins increased cost pressure on some leveraged buyouts of outdoor plants. He cites in particular the apparent sale of the New York-based Foster & Kleiser by Metromedia to a limited partnership for $480 million. "The people who bought Foster & Kleiser expected more of a return than they've been getting," Pearson confides.

But even if rates do go up about 8%, there remains the question of just how much will actually be paid. One outdoor agency manager cited the role of negotiation in the marketplace. "Outdoor is like broadcast," he observes. "It's a perishable commodity." However, he warns that negotiations over price upticks may be tougher in 1985 than they have been in 1984. "When cigarettes cut back on outdoor this year, the market softened," says the agency executive. "So, while a board may have had a card rate of $10,000, through negotiation you might have gotten it for $6,000. But I think the situation will be different in 1985. For the same hypothetical board, the card price would be $10,800, but in negotiation you might have to pay $8,000 for it, as compared to last year's $6,000, so that's really more than an 8% increase in the actual price paid."

Plant operators are generally in agreement with the 8% increase for 1985, as is the Institute of Outdoor Advertising. Bill Wilkins, president of the IOA, finds little variance from the projected 8%

Cost Per Poster Panel
1984 Rates

	Nonilluminated	Illuminated
S. California	305	399
N. California	305	399
Chicago	272	408
St. Louis	390	390
New York	—	460
Waco	146	218
Atlanta	218	338
Dallas	180	278
Houston	180	278

Source: IOA

But one major outdoor company, Foster & Kleiser, is annoucing a lower increase, and is holding the line at 6%. The decision was made by the company's management group which met in mid-July in Los Angeles. The increase applies to painted bulletins and 30 sheet posters. Dean Jacobs, executive vice president, marketing, at Foster & Kleiser, explains, "We're gearing this increase to the consumer price index, which has been running at about 5%. We're adding one percent on top of that, a charge similar to the one mortgage companies levy on loans, to cover our own increased costs of doing business, in labor, energy and site rentals." Foster & Kleiser raised its prices in 1984 by 9.9%, Jacobs says.

By tying the price increase to the Consumer Price Index, Foster & Kleiser moves away from the traditional rationale for rate hikes; increased automotive traffic. Where in the past, car traffic was constantly on the rise as the number of U.S. auto registrations increased, automotive ownership and traffic have now topped out. "The general automotive flow is up about only 1%," says Jacobs. So outdoor advertisers won't be paying for additional audience delivery. But Jacobs notes that traffic patterns vary and some arteries have seen tremendous increases in traffic.

Some other plant operators are skeptical about Foster & Kleiser's reasons for holding the 1985 price increase to 6%. They believe that F&K is biting the bullet now because of excessive price increases in previous years. One plant operator said, "They just about priced themselves out of the market last year."

Gannett is coming in at the industry average, 8%, according to a company spokesman. But Gannett's prices will probably vary from market to market, according to labor and site costs. The spokesman also indicates that the increase is in line with estimates "of what the market will bear."

TDI/Winston will be raising prices an average of 8% for train and bus postings and for its outdoor sites as well. Sales director Helene Goldfarb said the rate increase is justified on the basis of increased costs of doing business. "We've been able to do this in the past and there's no reason why we can't do so now. Some companies do require a written explanation if the price increase

A CONVERSATION WITH BILL WILKINS

This question and answer report is with Bill Wilkins, president of the Institute of Outdoor Advertising.

Michael Mella

Q. *What price increase can be expected in outdoor during 1985?*
A. We expect an 8% increase for the industry overall. That's about the same as 1984, when the increase was 8%, and considerably lower than 1983's 15.7% hike.

Q. *What are the major factors influencing outdoor price increases?*
A. For years, the average price increase was about 7% annually. But you know, our business is a very physical one. We have to lease property, and when you consider states such as California, where the value of property is doubling every five years, that puts a lot of pressure on outdoor companies. Landlords are negotiating a lot harder. And neighborhoods are changing. Areas that were previously suburban are now urban, which has changed property values. Consider areas in Southern California that were undeveloped that are now over-developed. Nonetheless, we still need to maintain coverage of those areas. There are also energy costs, which have increased, for gas, particularly, for trips to check the boards.

Q. *Does the cost of research add to the pricing of outdoor advertising?*
A. The Institute of Outdoor Advertising commissions and pays for advertising, promotion and research on the medium. This is funded by members of the Institute. About 92% of all outdoor operators are members of the IOA. The way we have the budget split up, 50% of member fees go for research, promotion and advertising. The other 50% goes for administration. One of our projects has been Audience Measurement by Market (AMMO), and most recently, we purchased Elliot Young's eye tracking study of how people look at outdoor boards. (That study was initially financed by two major outdoor advertisers, R.J. Reynolds Tobacco Company, and Brown & Williamson.) Perhaps we haven't done enough in the area of research. Most major agencies say we don't have enough, and it turns out they often aren't familiar with the research we have done.

Q. *Will fiber optics become a cost efficient innovation in outdoor advertising?*
A. At the moment, no. The question is what do you do with a fiber optic board in the daytime? It doesn't show much in the daylight. It gives you no myriad of special effects. The idea is presently in the experimental phase. Ford and Chevrolet both have fiber optic boards up in Detroit, and one of them has a changing message. But overall I don't think the technology is being used to the maximum in advertising. I think advertisers need to ask themselves if fiber optics, at this point, are worth the investment.

goes over 10%, but 8% is reasonable," she contends. The actual increases will vary from market to market, from between 7% to 9%, she says.

While prices are steadily moving up the escalator in most forms of outdoor, mall advertising will be one major exception in 1985. That category has seen a 5% jump up during 1984. But Harry Domke, project manager for 3M national advertising, says there will be no increase for the facings in the 6,000 malls where 3M has panels. The price per facing, per month, on a 12 month basis, comes in at about $250.

3M is continuing to expand the number of facings available, and by the end of 1985 expects to be servicing panels in close to 7,000 shopping malls, including those in Hawaii, where no other form of outdoor is allowed.

Also holding the line on costs in 1985 is the Bruner News Networks, Dallas, an electronic news crawl with advertising adjacencies, which is available in student unions and dining commons on 480 college campuses across the country. Larry Markley, vice president of administration, believes the price will remain in the $2 to $5 cost-per-thousand range. Price of the buy depends on length and extent of the flight.

And even better news comes from Robert Keith & Co., San Diego, which produces large outdoor inflatables. Stan Mast, manager of sales services, says the price for an average 20 foot high bottle has come down from $4,500 in 1983, to about $3,900 this year. "We have no really set prices," Mast said. "The cost depends on complexity of shape, artwork, size and quantity. But overall, we've been able to decrease prices as we've gotten better at producing these."

And if anybody still wants to use Beetleboards, that is, Volkswagen bugs painted up with an advertising message, forget it, you can't do it at any price. The effort to transfer the medium to the VW Rabbit just didn't take. And the company, which tried and changed its name to Mobile Media, is no longer listed in either the Los Angeles or Dallas phone directory.

Fred Gardner

Cataloguers face expense explosion

Paper and postage costs are the big hurdles in 1985.

Direct marketers are looking ahead to an expensive year in 1985.

This suddenly burgeoning medium is facing mounting price pressures on four fronts. And a number of participants in direct marketing suggest that the four-pronged price onslaught will cause a shake-out, particularly among catalog marketers in 1985.

Direct marketers are wrestling with prospective price increases in the costs of mailing, the cost of paper, the cost of lists, and the cost of printing, not to mention the increased costs in broadcast and cable for advertisers who also use those two electronic media.

All those factors, averaged out, will yield a cost increase of between 12% and 15% in 1985 if all elements continue along current lines of trajectory.

The greatest increase faced by direct

SAMPLE DIRECT MAIL PACKAGE

COMPONENTS	COSTS PER 1000 (50M Quantity)			COSTS PER 1000 (250M Quantity)		
	1981	1982	1983	1981	1982	1983
1. Letter–4 pages/2 color 8½ x 11 (11 x 17) (60 lb. white)	$ 40.41	$ 36.10	$ 37.00*	$ 29.46	$ 25.88	$ 26.53*
2. Brochure–4 pages/4 color 8½ x 11 (11 x 17) (70 lb. text)	84.20	83.90	85.00*	55.28	51.80	53.10*
3. Order Card–2 color 5 x 7 (65 lb. cover index)	21.38	20.80	21.32*	11.49	14.00	14.35*
4. Reply Envelope–1 color 5½ x 7¼ (24 lb. white)	22.27	21.20	21.73*	18.05	15.56	15.95*
5. Outside Envelope–1 color 9 x 6 (24 lb. white)	29.72	27.93	28.63*	22.98	20.44	20.95*
6. Lettershop Charges–Per 1000	22.24	23.54	24.13*	19.48	19.73	20.22*
7. House List–50% of mailing Running costs per M	2.38	2.21	2.21	2.86	2.24	2.24
8. List Rental–50% of mailing Per 1000 (Selection costs included)	22.50	25.20	25.20	22.50	25.38	25.38
9. Merge/Purge–per M	6.47	6.11	6.11	5.38	5.90	5.90
10. Postage–(Fixed)	104.00	109.00	110.00	104.00	109.00	110.00
11. TOTAL PER M	$355.57	$355.99	$361.33	$291.48	$289.93	$294.62
		+.11%	+1.5%		–.53%	+1.6%

Source: Direct Marketing Association, Inc.
**Bureau of Labor Statistics Estimate, 1983.*

marketers is the rate hike proposed by the U.S. Postal Service. The USPS is proposing a 21.9% increase for third class business reply rates, and 19% average hikes in pre-sorted third class. The probable price increases for what gets mailed — paper — could run as high as 15%. Paper manufacturers say there will be a minimum of a 10% increase for coated free sheet, which is preferred by catalog marketers. But the increase could go as high as 15% if demand continues to rise faster than supply. List rental prices in the consumer segment of the market will go up between 7% and 12%, depending on base price. But on the business-to-business side, list rental prices are seen as holding firm. Printing and production costs are expected to go no higher than 6% and perhaps not even run up that substantial an increase.

Of primary concern to direct marketers is the proposed rate hike the Postal Service has placed before the Postal Rate Commission. It is the first increase the USPS has requested since 1981. This year, the USPS is asking a 3¢ hike in the first class rate, a 15% increase, and a higher average rate increase for third class (219%). Rates would go from 11¢ to 13.2¢ for presorted; from 9.3¢ to 11.1¢ if presorted to a five digit ZIP code; and from 7.4¢ to 9.5¢ for mail presorted by carrier route in bulk mailings. Single piece mailings would increase 5.6%.

The Direct Marketing Association is opposing the 21.9% third class bulk rate increases as proposed, and has argued before the rate commission that, "when proper costing and pricing principles are applied, the rate level for business response mail should not exceed 11.2¢, 8.4¢ and 6.3¢ per piece for the three pre-sort levels."

In defending the proposed rate restructuring, Postmaster General William F. Bolger has commented, "The Postal Service is not engaged in predatory pricing of third class mail. There are powerful forces who would never allow first class to bear more than its share of the burden." He contends that third class rates "reflect the full cost of delivery," and no more.

Just how the Postal Service sets rates is an extremely complex cost accounting procedure, according to Ashley Lyons, chief economist of the USPS.

A CONVERSATION WITH BILL MORRISSEY

Michael Mella

This question and answer report is with William R. Morrissey, general manager and chief operating officer of Ogilvy & Mather Direct.

Q. *It looks like Direct Marketing faces an escalation of costs on a number of fronts, namely, postage, paper, production and lists. How do you evaluate the importance of these increases?*

A. The postal issue is the major one confronting the industry, the one that is really staring us in the face. The other increases all appear to be pretty standard.

Q. *Paper prices aren't a big issue?*

A. Well, paper is the tight area, but the paper is there. There has been increased demand, especially for the coated grades, which we use a lot of. We use mostly 50 pound coated paper, and that market has always been tight.

Q. *What about letter and envelope paper?*

A. We don't see any problem with letter and envelope paper, either in supply or prices.

Q. *Getting back to the postage issue, do you think the proposed 21.9% third class increase will be approved by the Postal Rate Commission?*

A. Well, you have to remember that this is an election year, so there won't be any postage rate increase in 1984. When it comes, it will be no earlier than April of 1985.

Q. *Will the Postal Service get the increase it's looking for?*

A. No, I don't think it will. The whole thing is subject to negotiation. There are a lot of lettershop vendors who are lobbying in Washington on the rate issue.

Q. *Do the rates pose a particular problem for O&M Direct?*

A. While the postage rate increase is a major issue, it won't affect our list of clients as much as it would if we were a catalog company. For our clients, such as American Express, that's just part of the mix. We're also concerned about magazine rates and broadcast increases. But all of that does make it harder for direct marketing to pay out.

Q. *Will increased costs in postage and paper mean that you need a*

Continued on page 120

The process takes into account the costs of delivery per piece, and how much of the overall postal costs the third class rate should bear.

David Soskin, president of Soskin/Thompson, the JWT direct marketing affiliate, says he is disturbed by the pending increase in postage, and all the other cost escalations. "We're very concerned about the increases," he says. "The more the mail costs, and production and paper prices increase, the more responses you need to generate."

Rolf Meise, production manager at Soskin/Thompson, wants better guarantees for delivery of third class mail, and is particularly disturbed by the possibility of a Postal Service strike. There is talk of such a work stoppage around mid-December.

The outlook for paper prices in 1985 is not much better than that for postage rates. Increased demand and limited production capacity have forced up prices for better grades of coated stock, particularly coated free sheet, which most catalog mailers use in rapacious quantities. Paper company production of coated free sheet is now all on allocation.

A top sales executive at a leading paper company expects coated free sheet paper to increase its price in 1985 by between 5% and 10%. "Coated free sheet has been on allocation for the past 12 months, and there has been strong demand for the past 14 months," he observes. "With no additional plant capacity to come on line in 1985, we expect demand to remain strong unless there is a sharp economic downturn."

1985 price increases for direct marketers

Postage	+21.9%
Paper	+10-15%
Lists	+ 7-10%
Printing	+ 6%

Data: Decisions survey

The current going price for 50 pound coated freesheet is between $46 and $48 a hundred weight. A year ago the price was between $38 and $40 a hundred weight. The executive notes that while in the past 14 months the price for free sheet has shot up, he points out that averaged out since 1980, the price increase comes out to about 4% a year. From 1981 to 1983, demand for free sheet was stagnant.

One authoritative industry analysis projects a 10% price increase for better grades of coated and calendared stock, and a roll-off to 7% or 8% for uncoated grades of ground wood and grades that tend toward newsprint.

But direct marketers are still in a state of shock over the price increases that pounded the industry in 1984. They are prepared for the worst. Ray Slyper, vice president at cataloger Lillian Vernon, observed the two 7% increases in 1984 and sees more coming in 1985 — even after the third price boost hits in December of this year. "I don't expect that to change."

Jeff Haggin, manager of production and direct response at The Sharper Image, San Francisco, relates that in his contracts with Champion and Mead, for Northcoat and Javelin coated free sheet papers, he will be paying 5% increases in January and July.

Rolf Meise, at Soskin/Thompson, decries the paper price increases as "astronomical." But as the DM field has grown, he acknowledges that "coated free sheet for catalogs has been very much in demand." The only way to beat these increases, he believes, "is for a printer to buy a huge inventory of paper." But that route too, he rues, puts increased pressure on price and demand.

A number of factors, including supply and demand, are pushing paper prices sharply upward. The expansion of catalog marketing in the past year has affected prices, as has increased demand for coated stock by users of pre-printed inserts. The "1984-1985 Paper Availability Outlook" report by Strategic Futures, attributes a paper shortfall to a pair of causes: very limited increases in paper production capacity, and reduced imports from

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foreign sources. In Europe, the increased use of heatset printing has caused heavy demand there for lightweight coated and super calendered offset grades of paper. Further price pressures on the U.S. market could come from the St. Regis/Champion merger. The pairing makes St. Regis/Champion the largest paper supplier.

There is less demand and price pressure on letter and envelope paper. Al Unger, vice president, operations, at the Frank Vos Company, says, "There is a plethora of those kinds of papers around. I don't see any lack of supply. The situation is nothing like that for the catalog paper. And like everything else, while the price for letter paper continues to go up, it doesn't seem to be going at the rate of inflation."

The brightest cost prospect for direct marketers in 1985 appears to be in printing and production. Direct marketing agency and catalog house executives see price increases in the 5% to 6% range, and those increases are mostly hinged to labor costs. Paul A. Moschetti, senior vice president, manufacturing, John Blair Marketing, expects manufacturing costs to be up 6% this year over 1983, and he pinpoints another 6% increase in 1985.

Jeff Haggin, at The Sharper Image, projects an average industry increase in the 5% to 6% range. He expects a 7% increase in his own contract negotiations, for renewal of a pact that had fallen below industry standards.

Frank Vos' Al Unger sees "printing prices as being pretty stable." Optimistically, he says, "I think prices will stay in line pretty much with 1984."

Soskin/Thompson's Meise sees competition between printing houses as keeping prices in line. "Of course, prices are high in New York," he allows, and notes that "a lot of people are going out of town to get their printing done."

The cost of expanding the number of people to send mailers and catalogs to will increase in 1985 by between 7% and 10% for the consumer market, but business lists will probably hold at 1984 prices. The costs of consumer lists range between $40 and $80 per thousand, depending on desirability and segmentation of the list.

Marge Fernbach, list manager at The List Works, Mt. Kisco, N.Y., says prices there will go up between 4% and 10%. But overall, the cost of each list goes up "normally about $5 a year." Fernbach explains that the increase is needed to "cover increases in postage, the value of the list, and the overall overhead and cost of doing business."

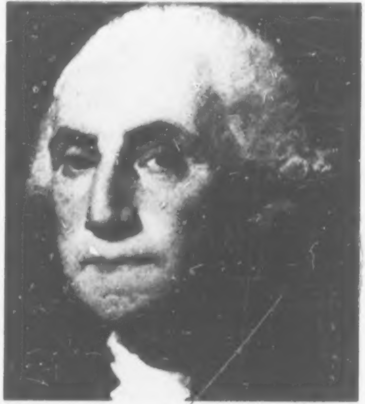
The expansion of catalog marketing in the past year has affected prices as has the increased demand for coated stock by users of pre-printed inserts.

At The Sharper Image in San Francisco, the rental price of in-house lists is marching steadily upward. The Sharper Image sells its one million plus names for $85 a thousand. The price went up $5 the first of June and another $5 increase is anticipated on Jan. 1.

Ray Slyper, at Lillian Vernon, is taking a wait and see attitude toward list rental price increases. "I don't anticipate an increase in 1985, but it depends on what the field does. If the competition raises prices, we will too, but not exorbitantly. We don't want to be at the high end of the scale."

Bill Carney, vice president of National Business Lists, doesn't "anticipate an increase across the board on the basis of my perception of the market. In all probability, prices on business lists won't go up in 1985." National Business Lists has been selling names at $50 a thousand. But since the firm was acquired earlier this year by Market Data Retrieval, which sells names for $40 a thousand, a reduction in price could be in order. National sells seven million business names, and Market Data Retrieval has about 7.5 million middle management executive names.

Fred Gardner



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ESGR

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CABLE

Continued from page 52

But the real success stories are *MTV* and *Nickelodeon* which have just been spun off together into a public company, MTV Networks, Inc. by their parent, Warner Amex Satellite Entertainment, Inc.

The two services earned $9 million on revenues of $46 million in the first six months of this year. In the first six months of this year, the service achieved an excess of $26 million in ad sales, more than double the total in the comparable period last year, and a striking increase from the $7 million in ad sales for all of 1982.

The number of *MTV* subscribers increased to over 16 million in 1983, which is up from 9 million in 1982. Currently, 21.8 million people are receiving the service.

The BAR-measured networks are also gaining by leaps and bounds. The total ad revenue gains for the first and second quarters this year for *CNN*, *ESPN*, *USA* and *WTBS* are up 24% over last year's comparable period. Currently, the BAR networks are running an average of $138 million in ad sales for the first and second quarter, compared with $112 million for that time last year.

With the enormous growth rate of the ad-supported networks, total cable billings are expected to exceed $5 billion by 1994, or a gross of $4.4 billion for ad-supported networks and $1.3 billion for local systems, according to Paul Kagan Associates. These estimates assume an annual growth rate of 50%-100% declining at the end of the decade to 20-25% per year.

Considering the successful precedent set by national advertisers who claim that cable is doing a lot for their business, other more cautious advertisers are bound to follow suit. Predicts Tony Hoffman, director of corporate finance for Cranlin and Company, "Advertisers who wouldn't write a check for anything that doesn't have a numbers rating attached to it will be using cable for specific marketing purposes. Cable will be known as the 'reach improver' in its next phase of development."

Judith Reitman

RADIO

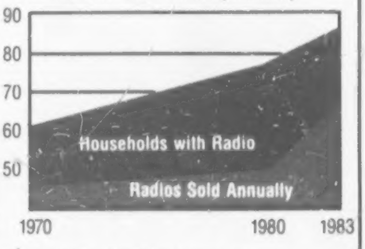
Continued from page 56

media director at O&M. For example, the airline sponsors the New York Giants football games, and in St. Louis — a key market for TWA — professional hockey and baseball. It has similar arrangements in Boston and Los Angeles. Spot radio ads are used to reach an all-adult audience. American Express has used regular line network radio for its travelers checks over the past three years, placing the ads around five minute news programs. The goal is to reach upscale, educated adults in the 25-54 year-old age category.

Larry Cole, senior vice president and director of media services for O&M, considers radio network advertising a very efficient media option in terms of costs and results. However, he is not as favorably inclined toward spot because of a less appealing cost structure. "The real cost for local ads is designed to dissuade people from using the 30-second spot because its very high costs represent nearly 80% of a 60-second spot," he comments.

RADIO SALES UP 39% AND HOUSEHOLDS WITH RADIO UP 8% SINCE 1980

Growth Since 1970 (Millions)



Source: Radio Advertising Bureau, Inc

RADIO MATCHES TV'S REACH AND TARGETS UPSCALE CONSUMERS BETTER

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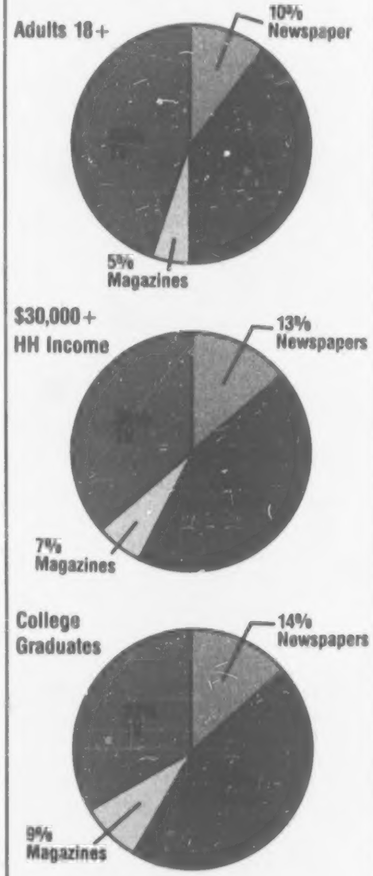

Source: Radio Advertising Bureau, Inc

Rick Busciglio, who until recently was senior vice president and director of national broadcast for McCann-Erickson, attributes radio's upward pricing crawl to inflation and a supply and demand situation. To keep a lid on costs, McCann constantly reviews radio pricing and goes after the best buys. McCann's radio billings have been increasing at a 5% to 10% rate over the past few years, a pattern which should hold true in 1985.

In general, the agency is heartened by the results clients have been getting from network as well as local spot radio, particularly in efforts to reach the teenage and business markets. McCann has been using Westwood 1, in Los Angeles, which reaches 400 stations nationwide, for a sponsorship of 26 radio concerts aimed at teen listeners. Business audiences are garnered by utilizing spot and local all-talk programs. These areas represent a goodly chunk of McCann's buys. "The agency has gotten good efficiency at low comparative costs from radio," sums up Busciglio, "and let's face it, by using radio McCann can own a program like the radio concerts. No way that can be done elsewhere."

Joseph Dunn

importance to the planner who wants to know if he is reaching his target audience. But I think circulation CPM will increase in importance. It is the one thing that has been the most consistent and most honest.

Q. *Does it make a difference in media buying that the two services, SMRB and MRI, who measure audience numbers, do not agree on the final figures?*
A. Really, often the problem with magazines are not the audiences. The question is how you exploit the virtues of each medium the best. It's a creative consideration. It's a media consideration. But in more cases than not, it's a creative problem in that the advertiser and the agency are not familiar with, or aren't capable for some reason, to develop the proper print.

Print is still very often a stepchild to major broadcast media. It's got its own merits and values. But certain advertisers have to use television or broadcast alternatives. Reader involvement is the discriminating factor in magazines.

Q. *Does it end up hurting magazines that there is so much quantification available about them that doesn't exist with television?*
A. Both from the costs of doing business, to the circulation statements to the audience statements there's an awful lot of information that the advertiser has at his disposal to pick apart magazines. In a sense, it's unfair because they have the most information to back up the decision to buy the medium but that becomes a double-edged sword. The same information is going to be used against them. The pressures on magazines are going to continue very seriously. While we are sensitive to magazines' costs, it's our job to make sure that we don't stop them from making a profit, nor to allow our clients to pay too much money for any media vehicle.

Marsteller: *continued from page 78*

government. But you can't sell the B-1 bomber only by advertising to the Pentagon. You've got to sell the B-1 to Congress and to the people. That's a broader message than before.

This is what accounts for the increase in advertising in the general business press. But that doesn't mean that all of it is good. Look at the advertising that TRW, a highly specialized diversified manufacturer, is doing on television. They must have spent at least several million dollars on that campaign, "a company called TRW," for no reason. Their stock is closely held, and their sales are to a limited number of companies — they have no reason to do corporate advertising.

Q. *Since the economists have at last agreed on one thing — that we are in a boom year — might we expect that general prosperity would hold cost increases down?*
A. Well, yes, but that has not been borne out historically. When business is good, and sales are good, there is tendency to think that ad budgets are freer. And the media are more confident about increasing their rates. They're nervous about it when it's a tight market. This adds up to greater increases in media — though it doesn't mean that's justified. In fact, often it's most justifiable at the point when it can't be put into effect, because the market would simply resist.

Q. *Returning to your point on consolidation. One would assume that the health of a particular sector has a large effect on the health of the business press serving that sector. Is that true?*
A. Yes, very definitely, the health of the business press is tied to the health of the industry. In a stagnant industry — such as mining or petroleum — there are bound to be fewer magazines than there were 20 years ago, when the petroleum industry, for example, was booming, and there was a magazine for every conceivable subdivision.

Frankly, I would not want to be a single industry publisher at this point. These days, it doesn't matter what industry you're talking about, whether it's computers or steel, being a single industry publisher is like being a one product manufacturer. The times are too difficult for that. And it's a very precarious position to be in.

Some ABP projections

1983	1984	1985	1986
Ad Pages			
100.0	107.6	111.4	113.0
Ad Revenue			
100.0	115.29	124.80	131.65

Source: John DeWolf, Cahner's Economic Department, for the ABP

nouncements of cost increases so that they can book the fourth quarter."

Borg-Warner, the chemical and industrial products giant, uses the business press in a similar way, according to Kathleen Witowski, advertising manager. The general business press, she says, "is the only way we can go for our corporate advertising — our target audience is the typical corporate one." The + $1 million corporate advertising budget does talk about the company's products, but "it's not a product selling campaign." Witowski notes that each division does its product advertising independently, setting its own ad budget in proportion to sales. "The schedules are always changing," she says, "depending on the kind of year they've had."

Advertisers and agencies alike seem unconcerned about the projected cost increases. As Carla Loffredo at Marsteller explains, "The rates aren't really increasing that much — not enough to make us look for alternatives. If they were going up 20% or 25%, that would be different. Their rate increases," she says, "aren't going to be as drastic as they have been in the past."

Laura Konrad Jereski

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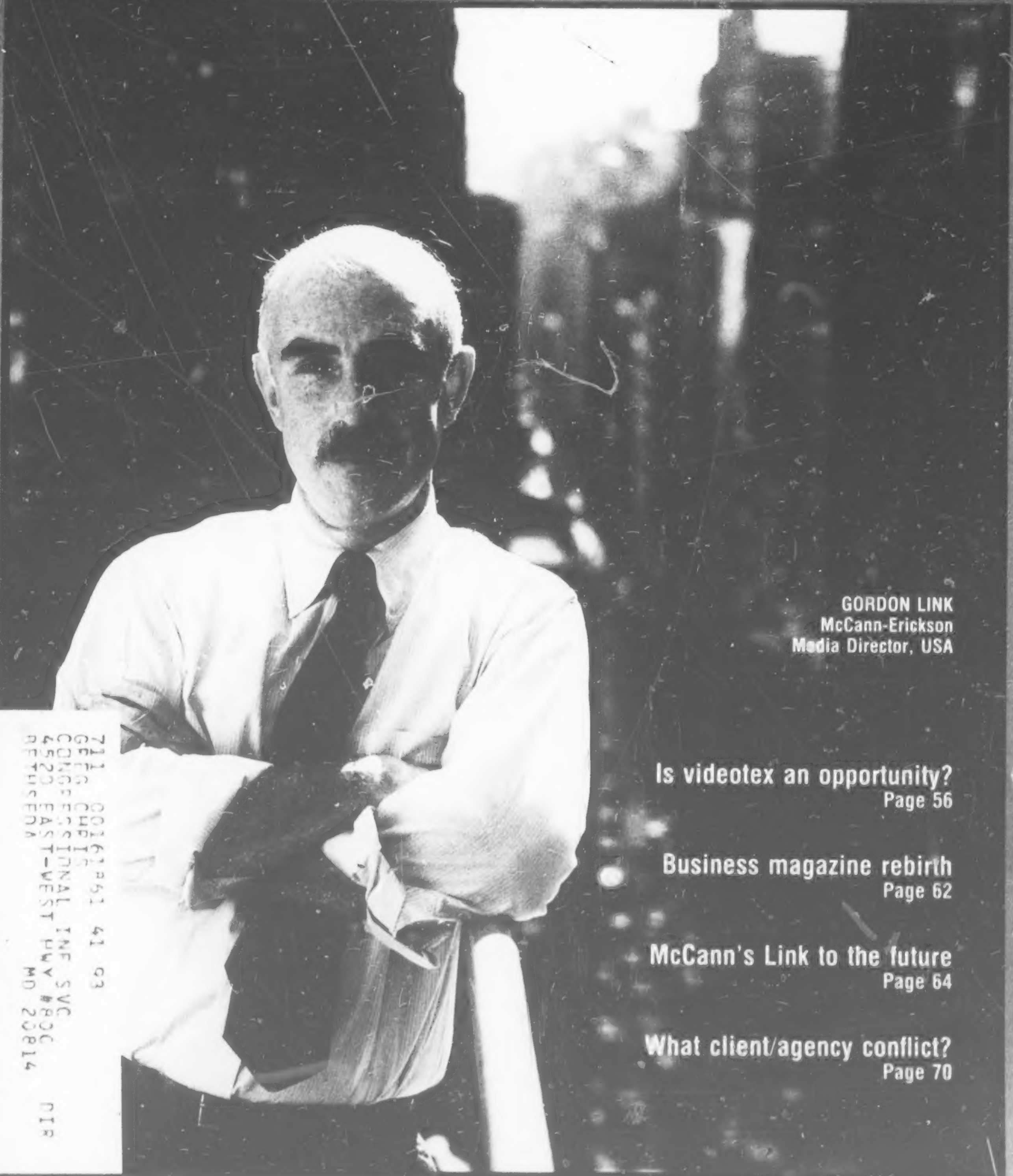
MARKETING & MEDIA Decisions



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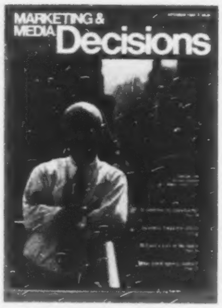

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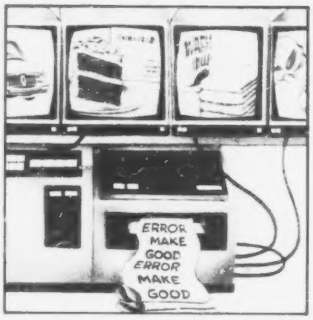

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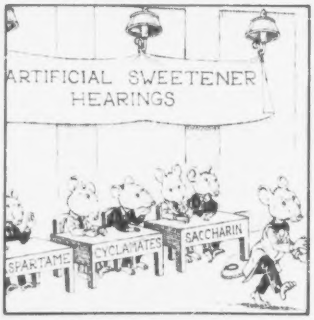

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FUTURES

Diet food demand spurs flavors and fragrances market

The U.S. market for flavors and fragrances, one of the largest in the world, is expected to blossom to $5.3 billion by 1995. Growth in flavorings is expected to be especially dramatic, since diet foods and beverages, a rapidly growing segment, require additional flavors. These are the results of two separate studies, conducted by Cleveland-based Predicasts and New York-based Frost & Sullivan.

According to William Weizer, research analyst at Predicasts, processed foods represent 51% of the total end use for flavors and fragrances, and beverages, 14%. "A shift in food and beverage patterns, he notes, "is being translated into a shift in the mix of flavors used." He points out that, although overall growth rates in the flavors and fragrance markets are slowing, certain areas, particularly synthetic sweeteners, will grow faster than the average 4% this year and 2.7% between 1983 and 1988.

Frost & Sullivan points to several factors spurring growth of dietary foods and drinks: The 14% growth rate among women 25-44 — the prime market for reduced calorie foods; the fitness boom, supported by an increasing number of health studies; and even a single sweetener, aspartame (see related story, page 67). Such well-accepted categories as diet soft drinks, light beers and light frozen foods are helping the segment grow from $26 billion in 1983 to an estimated $42 billion by 1990. Reduced calorie foods, the market's largest segment, are also the fasted growing category, averaging 8.4% annual growth, to $19.5 billion by 1990. Consumption of diet foods and drinks is regional, with the South (excepting Florida) lagging.

U.S. Flavoring Agent & Fragrance Markets
SUMMARY TABLE

			% Annual Growth	
ITEM	**1983**	**1988**	**1983-88**	**1988-95**
F & F Cons, By Type (mil $)	2115.8	3370	9.8	6.8
Essentials Oils	257.3	365	7.2	6.0
Aroma Chemicals	254.6	385	8.6	7.9
Flavor Blends & Mixtures	342.1	530	9.2	8.2
Fragrance Blends & Mixtures	434.6	625	7.5	6.9
Other Flavor & Fragrance	827.2	1465	12.1	6.1
Acidulants	172.4	230	5.9	5.7
Flavor Enhancers	82.8	133	9.9	5.2
F & F Cons, By Type (mil lbs)	1135.4	1300	2.7	2.2
Essential Oils	116.3	132	2.6	2.6
Aroma Chemicals	66.0	83	4.7	3.4
Flavor Blends & Mixtures	61.6	81	5.6	4.5
Fragrance Blends & Mixture	33.0	40	3.9	3.2
Other Flavor & Fragrance	858.5	964	2.3	1.7
Acidulants	234.6	255	1.7	1.4
Flavor Enhancers	63.8	68	1.3	.6
End-Use Markets (mil lbs)	1135.4	1300	2.7	2.2
Flavorings	1039.6	1184	2.6	2.1
Beverages	163.0	189	3.0	2.1
Baked Goods	241.6	273	2.5	2.2
Processed Goods	573.9	648	2.5	1.8
Fragrances	95.8	116	3.9	3.2
Cosmetics & Toiletries	39.7	48	3.9	3.0
Soaps & Detergents	26.4	32	3.9	3.2
Cleaners, Polish, Deodorizer	20.1	24	3.6	2.7

Coupons at checkout

The cash register may not seem the best place to dispense coupons, but Catalina Marketing, Los Angeles, is finding that a very opportune position in the supermarket. The dispensing system is in test at six stores in Wegmans in Rochester, NY.

The Catalina system makes use of the third station printer in the checkout scanner register to produce the coupons, which are keyed to purchase. The 14 manufacturers, including Coca Cola, are allowed to identify 30 items, purchase of which triggers the scanner to print the cents-off coupon. Clients can coupon–purchase products of their own, competitive, or tie-in products. Data on coupon dispensing and redemption is kept on tape in the scanner, and sent to Catalina for analysis.

Bob Maybee, manager of market research for Wegmans, said that distribution of coupons comes in at less than one coupon per customer, but the store is providing default coupons so no customers get left out. He estimates that between 30,000 and 40,000 coupons a week are being dispensed in the Rochester chain. The program is running smoothly in the stores, with few problems in the system, he added.

Catalina expects to expand the test to stores in southern California in the near future. (See story on in-store couponing on page 78.)

DIRECT MARKETING

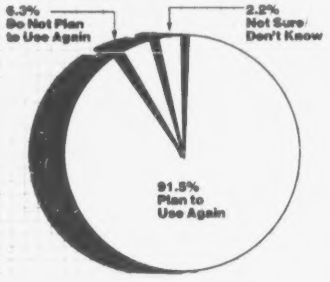
Retailers high on direct mail

Retailers, traditionally newspaper, tv and radio advertisers, now have a soft spot for direct mail, according to a survey conducted for John Blair Marketing by Aaron Cohen Marketing Services. The survey polled 400 retail businesses, 45% food and food-related retailers, 47% non-food retailers, and various others, including manufacturers.

The findings indicate that retailers believe direct mail is the best medium to pinpoint advertising, avoid unnecessary duplication and to respond to retailers' needs.

Half the retailers polled selected direct mail as the print medium in which they planned to expand their advertising budget. Thirty-seven percent said they plan to increase their newspaper ad budget, and 28% plan to increase the magazine budget.

One third of the retailers polled said they felt that direct mail was the most effective medium in keeping advertising rates in line.



A majority of retailers plan to use direct mail again

U.S. agency affiliates with Japanese firm

Japan gets its first direct marketing agency as Rap & Collins, the direct marketing subsidiary of Doyle Dane Bernbach, has formed a joint venture with Dai-Ichi Kidaku Co., Ltd., to form a direct marketing subsidiary. The new company is DIK Rap & Collins Direct Marketing.

Direct marketing has not advanced in Japan to anywhere near U.S. levels. Less than 3% of all retail sales come from direct marketing, as compared with 10% in the U.S. Direct marketing business in Japan has been handled through mainstream agencies up to now, rather than specialized agencies in the direct marketing field.

DDB chairman Joseph R. Daily says the joint venture "represents a tremendous opportunity to enter a vital and growing market, one whose potential with regard to direct marketing has hardly been tapped."

Grey Direct marks Paris opening

Grey Direct runs the number of its overseas offices to six with the opening of its Paris operation last month. The new Paris office is under the direction of Hervé Pointillart, a former direct marketing executive at *L'Expansion*, France's leading business publication. One of the lures for Grey is the availability of the French teletext phone directory and advertising system, which is replacing the traditional phone book.

With the selection of Pointillart as head the Paris office, Grey continues its practice of keeping overseas offices under local management. George S. Wiedemann, Grey Direct president, said, "We find it most effective to fine-tune Grey's global vision with the local touch of managers who fully understand the culture, people and markets of individual countries. This is an essential part of effective international direct marketing."

A new president for the DMA

Jonah Gitlitz, currently senior vice president, public affairs, steps up to the presidency of the Direct Marketing Association on Feb. 1, 1985, supplanting Robert F. DeLay, who has held the presidency for a quarter of a century.

Gitlitz was selected last month after negotiations with the current Postmaster General, William F. Bolger, ended in Bolger's decision to decline the position because of probable criticism over his influence in the setting of new postal rates. "I came to the conclusion that this was not sensible for the DMA, for myself or the Postal Service." He added that perception over possible conflict of interest was the major factor.

The president designate came to the DMA in 1981 after 12 years with the American Advertising Federation, which he left as executive vp.

Who's active in direct marketing?

The Direct Marketing Association will be able to answer that question quickly with the creation of a national data base of the names of active individuals. The data base will incorporate information from membership rosters and event registrations, circulation files of periodicals, and inquiry, prospect and sales lists of supplier organizations.

Marcel Avargues, DMA senior vice president, marketing, says the professional registry "will be a valuable information resource for companies and local and national organizations who serve the field."

The DMA is also making available a pair of monographs, "The Retail Revolution: Direct Marketing" (Monograph Volume 7) and "Mailing Lists: A Practical Guide" (Volume 8).

HOMEWORK

Having interviewed 18 leaders of advertising agencies — many who shaped the nature of the business — Bart A. Cummings, chairman emeritus, Compton Advertising, has turned their remarks into an oral history of the industry, called "Benevolent Dictators."

The 344-page hardcover book offers insights into the lives, the careers and the psyches of successful marketing communicators who ruled agencies such as BBDO, Benton & Bowles, Doyle Dane Berbach, Foote Cone & Belding, Leo Burnett, Young & Rubicam and Ogilvy & Mather.

The author found several common denominators in the agency leaders, namely confidence in themselves, a skill in leading people, a belief in advertising and an adherence to discipline.

His conversations with the executives revealed how most of them did not seek to be a leader, but had that role thrust upon them. Some admit that they were ill-suited to head their agencies and others reveal the personal sorrows that their advertising careers brought them — health problems, burnout and family estrangements.

The executives also point to what contributions they made to their companies as well as mistakes, regrets and general philosophies for living and working.

The leaders differ on what they feel is a good background today, in terms of education and experience, for work in advertising agencies. If nothing else, the interviews demonstrate the many and varied paths that led to agency leadership during the last six or seven decades.

"The Benevolent Dictators" by Bart A. Cummings, sells for $24.95. To order direct, contact Crain Books, 740 Rush St., Chicago, IL 60611 or call (312) 649-5250. Add $2.50 for shipping and handling of each book.

Fairchild Books is offering a manual that tracks the textile and apparel industry. This 180-page directory includes the same type of detailed financial information as in the retail manual, such as sales and earnings. In addition, the textile director presents key data on nature of business, description of products, plant locations, personnel, and transfer agents.

The Textile & Apparel Financial Directory is priced at $40 and can be ordered directly through Fairchild books, 7 East 12th Street, New York, NY 10003.

Births will maintain a relatively high level of about 3.7 million per year during the mid-1980's, down slightly from the baby boom years (1954-1964) when births numbered four million annually, according to a new survey by *American Baby* magazine.

For the balance of the 1980's, marriages also are projected to level off. Marriages had been increasing steadily since 1975 and had reached an all-time high of 2,495,000 in 1982. An annual average of 2.4 million is predicted by the magazine for the next six years.

In another trend, *American Baby* points out that firstborns account for over 40% of total births. Most firstborns arrive within the first three years of marriage.

Marketers and advertisers of infant and child-related goods and services can obtain a free copy of the report by contacting Ms. Anna Bona Pace, American Baby, Inc., 575 Lexington Avenue, New York, NY.

BIRTH & MARRIAGE DATA

Five-Year Averages 1961-1990

	1961-1965	1966-1970	1971-1975	1976-1980	1981-1985*	1986-1990**
ANNUAL MARRIAGES (in 000)	1,661	2,031	2,228	2,267	2,458	2,255
Change +/−	+134	+370	+197	+39	+191	−203
% 1st Marriage	—	79.5	72.2	66.8	64.8	64.6
DIVORCES-ANNULMENTS (in 000)	515	591	909	1,135	1,190	—
Change +/−	+131	+76	+318	+226	+55	—
% of Annual Marriages	31.0	29.1	40.8	50.1	48.4	—
FIRST MARRIAGES TO BIRTHS 22-24 Yrs EARLIER* (000)**		1,615	1,609	1,515	1,592	1,457
%		43.9	42.9	37.1	37.7	38.3
TOTAL BIRTHS (in 000)	4,063	3,592	3,251	3,387	3,691	3,694
3rd/Higher Birth Order % of Total	48.6	37.4	30.5	26.0	24.2	23.4
FIRST BIRTHS (in 000)	1,127	1,310	1,308	1,428	1,590	1,566
% First Marriages (3 Previous Yrs)	—	—	26.5	31.3	33.6	34.9
% Total Births	27.7	36.5	40.2	42.2	43.1	42.4

* Includes Provisional data 1982-1983 + 1984-1985 Estimated
** All years estimated
*** Median age first marriage: Women 22, Men 24

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CABLE

by BEVERLY O'MALLEY

Vice president, director of electronic media, Dancer, Fitzgerald, Sample

Cable at its best

So the broadcast networks think politics is a bore!

Politics is *not* boring, and even if it were, it's news, it's good business, and it's American. During the recent Democratic Convention, it was left to two cable networks to provide the kind of coverage ABC, CBS and NBC used to provide routinely.

In July, the networks debated the merits of political convention coverage with the ultimate insult coming from ABC whose vice president of News called it a "dinosaur" event. CBS News president countered ABC's convention comments with holy outrage, saying that "those who choose to characterize them as dinosaurs . . . do so with some degree of cynicism about our election process." And NBC remained in the background, agreeing only that future conventions may or may not be newsworthy.

Whatever the networks said with their words they acted with common deed. Each aired only two to three hours of convention coverage daily. ABC even found the proceedings less worthy than 20 minutes of a *Hart to Hart* re-run which was broadcast while waiting for Jesse Jackson to step up to the podium. In contrast, *Cable News Network* and *C-SPAN*, the official network of the Congress, covered the event gavel-to-gavel, 6 1/2 to 10 1/2 hours daily. With *C-SPAN*'s camera pointed only to the speaker's dais, advertiser-supported *CNN* gave the networks a real run for their money with its lively, fresh, professional coverage and commentary of events as they unfolded. Yes, there was the hoopla and show-biz that have reduced the meaning of the convention process. But

C Tuesday night shares in the CNN universe

	%
ABC/CBS/NBC Convention	31
Cable News Network	3
Other Ad-supported Cable Networks	14
Pay Cable Networks	22
Superstations and Indies	36

NHI, July 1984

A CNN Convention Ratings

	Before the networks came on	Against the networks	After the networks signed off
Mon. (Cuomo)	1.8	1.4	1.7
Tues. (Jackson)	1.4	1.6	2.0
Wed. (Hart/Ballotting)	1.9	2.8	1.2
Thurs. (Ferraro/Kennedy/Mondale)	1.5	2.0	—

NHI, July 1984

B ABC/NBC/CBS Convention Shares

	Nationally	in the CNN universe	% Share decline
Mon. (Cuomo)	40	32	(−20)
Tues. (Jackson)	48	31	(−36)
Wed. (Hart/Balloting)	47	42	(−11)
Thurs. (Ferraro/Kennedy/Mondale)	45	33	(−27)

NHI, July 1984

Own A Piece Of Paradise

Ask anyone in San Diego why they call their city Paradise.

Some will tell you it's because of the year-long temperate climate. Still more of them will tell you it's because of the standard and style of living they enjoy. With a combination like that, it's no wonder that more and more people come to live in this Paradise each year.

San Diego, with a county population of nearly two million people, ranks as the second largest city in all 11 Western states and represents more than $20 billion in buying power. If you have something to sell, you'll sell it in our Paradise.

But not every media buyer knows that. There are some who make only the basic Los Angeles newspaper buy, and assume they'll reach the heart of Southern California, including San Diego.

But to reach Paradise in Southern California, The San Diego Union and The Tribune are essential to your schedules.

The San Diego Union and The Tribune reach 55 percent of all adults in Paradise. In just one daily combination. What's more, you'll reach 84 percent of the $35,000+ households in a five-issue campaign.*

The basic Los Angeles buy just can't do that. In fact, The San Diego Union and The Tribune deliver eight times the penetration of any Los Angeles newspaper in San Diego.

So make sure you own a piece of Paradise when you make your next major media buy. Buy The San Diego Union and The Tribune.

*Based on 1983 Scarborough Study

The San Diego Union
The Tribune
Member of Newsplan
Represented nationally by Sawyer-Ferguson-Walker

there was also real business at hand covered well by cable and not at all by the broadcast networks: the afternoon/early evening battle over the platform, the drama of Andrew Young's speech, and the ensuing "unity" press conference which followed with Mondale/Hart/Jackson.

It is reassuring to know that *CNN*'s decision to follow the full Democratic Convention (the Republican one is yet to be as of this writing) generated healthy ratings as well, more than *double* the *CNN* norm for the time period. In fact, *CNN* was able to prove that there is still an audience for convention coverage outside of prime time. Even head to head against the networks in prime time, it garnered its highest 3.7 average quarter-hour rating during Gary Hart's speech to the delegates. (Chart A.)

What happened to the broadcast networks in the *CNN* universe (33% of the U.S.) on each of the nights of the convention is yet another story. ABC/NBC/CBS achieved their highest national ratings on Tuesday night as Jesse Jackson spoke (as contrasted with *CNN*'s peaking during Hart's hour on Wednesday). Conversely, in *CNN* homes, the networks suffered a 36% loss of audience on Jackson night, the sharpest decline of the week. (Chart B.)

What were those *CNN* subscribers viewing instead of the networks during Convention week, and particularly on Jackson night? Would that the story end with the process of government beating out more trivial pursuits in the ratings game! Zeroing in on Tuesday night, we learn that the greater alternatives, the more likely the viewer is to choose. While *CNN* got *some* of the non-network audience, subscribers also opted for the other cable networks, both pay and basic, the superstations and the independents. (Chart C.)

Government 101 surely taught us all that the American political process is an extraordinarily clumsy, inefficient system. Town meetings take time. Jury trials take time. Everyone seems to have his say. To the most cynical, modern day conventions are nothing more than the product of the television control-room ("Gimme a young face, gimme a black face, gimme some tears — hold on those tears, now find me a woman!" . . .). But to others, it's a system that works and it is precious; and it deserves to be aired on television as much as the unprecedented 180 hours that ABC devoted to the Olympics.

Whether disappointing or otherwise, there are indeed observations to be made about the dynamics of television during Democratic Convention week:

- The networks' best night nationally (Jackson) as their worst night in the *CNN* cable universe.
- *CNN* with its more selective demographics peaked its ratings on Yuppie night (Hart).
- In duplicating coverage of a single event, *none* of the broadcast networks came away satisfied with their share of audience. Perhaps their "civic duty" should be rotated amongst them rather than have them threaten not to carry future conventions at all. Or perhaps they should cover the conventions *differently*, with more pickups and interpretation of the day's events.
- Cable did itself proud in providing the election coverage, gavel-to-gavel, that our political system requires, giving the electorate at least the choice of watching governments in action. ■

NEWSPAPERS

By JANE TWYON
Senior vp, group media director
N W Ayer, New York

The *NAB*'s "Can-Do" program

The status of the newspaper planner is low. This rank has a great deal to do with the fact that planning a newspaper campaign does not have the glamour or creativity that exists in magazine or

1984's magazine circulation picture

Mass magazines are holding, while special interest books are booming this year. Readers are paying more and passing along more. Agencies plan with "total audience," but keep an eye on the rate base.

Media planners coming back from their Labor Day idylls found three new reports for them to evaluate on their desks, all measuring the state of the magazine medium:

- The Audit Bureau of Circulation's 1984 Magazine Trend Report traces the five-year movements of 128 leading consumer magazines.
- ABC's "Fas Fax" report shows what happened to magazine circulations in the immediate six-month period ending June 30, 1984.
- SMRB's audience study of magazines — the book that reach-and-frequency calculators reach for — has brought out its first volume reporting total audiences for the 122 measured magazines.

ABC's study measures the five-year circulation trends of the different magazine classifications. (See table at right.) It shows the old established magazines consolidating their positions, with the special interest books in new areas of interest registering the big gains. One classification that shows a five-year decline — newsweeklies — is due to ABC's system of classification (see Print Beat, page 17).

The Audit Bureau restricts its report to magazines with average paid circulations of at least 300,000 and annual advertising revenue of at least $1 million. In 1980, 76 magazines made this grade; in 1983, there were 128. Of the 31 added this year, there were four each from the following classifications: *Health, Home Service, Country Living, Hobbies*. *Oui* was the lone dropout. Its "Fas Fax" document for June 30, 1984, continued to record these trends.

Of the 398 magazines reporting their circulations for the latest six-month period, 257 show gains over the June, 1983 period. Most dramatic gains are in the new books in the fast-growing fields of interest. But the mass circulation books are holding their own, with the exception of the men's magazines.

Five-year circulation trends by classifications

Counting 1979 as 100, 1983 circulations were:

Gardening	388.4
Science	317.3
Travel	196.6
Fishing & Hunting	152.2
Health	134.9
News — bi-weeklies	130.0
Business & Finance	121.3
Home Service & Homes	120.9
Crafts, Games, Hobbies	120.0
Brides, bridal	118.8
Women's Fashions, Beauty	118.0
General Editorial, Contemporary	116.5
Epicurean	114.0
Motorcycle	113.5
Music	111.4
Photography	110.3
Sports	108.4
Automotive	104.7
General Editorial	102.9
Women's	101.4
Newsweeklies*	98.0
Fraternal, Clubs, etc.	97.7
Youth	94.7

* See Print Beat page 17.

Source: ABC 1984 Magazine Trend Report

Some of the Fas Fax specifics:

- *Reader's Digest* slipped 1.6% to 18.0 million, still a quarter million over rate base. *Tv Guide* was up just 0.4% at 17.3 million, but subscriptions climbed almost to the level of single copies. *People* held at 2.7 million.
- The mass women's books had small declines of 2.3% or less with two exceptions. *Family Circle*'s every-three-weeks frequency clipped 4.1% from its circulation, leaving 7.0 million. Hearst's *Redbook* revival turned in a 1.5% gain. Working on their smaller bases, *Working Mother* added 24.0%; *Working Woman* added 15.4%.
- The women's fashion books — *Cosmopolitan, Glamour, Mademoiselle, Vogue* — all continued their growth, with special strength at the newsstands. *Self* stayed over the million mark converting single copies to subscriptions.
- The largest change in the three big newsweeklies was a 1.9% shaving of *Time* to 4.6 million.

At the same time, circulation was stable at *Business Week, Forbes* and *Fortune*. But at the smaller business (and smaller base) books, *Inc.* was up 25%, *Venture* was up 15.4%. The personal business book, *Money*, gained 16.0%.

Among the science books, *Discover* added 6.3% but missed the million mark by less than 10,000. *Smithsonian* topped two million with a 7.3% gain.

In the young and old category, *Seventeen* jumped 11.3% to 1.7 million. *Young Miss'* 10.3% gain topped 800,000. *Modern Maturity*'s membership circulation added 12.1% to hit 9.9 million.

Meanwhile, in the "to your health" category, *Prevention* topped 3 million with a 15.1% rise. *Health* gained 13.8% and is now within breathing distance of one million.

The Runner jogged 18.5% further to top a quarter-million. Health fans flocked to build respectable circulations for lesser-known books: *American Health* (611,834); *Muscle & Fitness* (408,662); *Shape* (462,081).

> **"Audit Bureau of Circulations' "Fas Fax" for 1984's first half shows gains for 257 of 398 books."**

On the other hand, *Penthouse* dropped 7.3% to 3.2 million, although *Playboy* held its loss to 50,000 to stay above the 4.2 million mark. *National Enquirer* dropped below 5 million for a 7.1% loss.

Among the boondocks books, good old *Grit* was down 26.5% to 570,000, but that newcomer, *Country Living*, soared 31.9% to crack the million mark.

And, of course, those hot, hot computer books. There is an overflow crowd of both paid (ABC) and controlled (BPA) books. The ABC standouts are shown here. *Computer & Electronics* and *Personal Computer* both broke the half million mark. *Byte* and *Compute!* cracked 400,000, the latter more than doubling its level of June 1983. *Popular Computing* broke 300,000.

SMRB counts the "total audience."

"Our top media people examine the ABC figures on magazines," says Doyle Dane Bernbach's senior vice president media, Paul Zuckerman. "But at the planner level, the on-line data that's on computer, all ready with demographic target breaks, and ready to compare with other major media on a reach and frequency calculation, is what's being used today."

1984 SMRB Total Audience
(millions)

Mass general magazines		
Tv Guide	42.766	(+13.0%)
Reader's Digest	40.046	(+2.1%)
National Geographic	22.129	(+5.1%)
People	21.070	(−3.5%)
General women's magazines		
Better Homes & Gardens	22.203	(+6.6%)
Good Housekeeping	20.353	(+3.0%)
Family Circle	19.639	(+3.9%)
Woman's Day	16.320	(−9.5%)
McCall's	16.122	(+0.7%)
Ladies' Home Journal	14.797	(+9.0%)
Redbook	2.590	(+11.4%)
Newsweeklies		
Time	22.054	(+2.7%)
Newsweek	16.527	(+3.3%)
U.S. News & W.R.	10.353	(+15.9%)
Sunday magazines		
Sunday	52.799	(+14.8%)
Parade	51.293	(+6.2%)
Family Weekly	23.924	(−3.8%)
Top 10 percentage movers		
Inc	1.398	(+80.7%)
Health	2.987	(+44.3%)
Country Living	3.746	(+39.5%)
Working Mother	1.496	(+38.9%)
On Cable	2.209	(+34.4%)
Working Woman	1.851	(+31.9%)
Changing Times	3.400	(+28.1%)
Seventeen	3.923	(+26.6%)
Metropolitan Home	1.504	(+25.6%)
Prevention	5.792	(+25.3%)

SMRB's 1984 study — just out — shows gains in total audience for 91 of 115 measured magazines. Principal gains are in passalongs, and the question is being asked: "Are people paying more visits to dentists and beauty shops today?" The answer could very well be that today's average single copy price of $1.97, and subscription rate of $21.53, make magazines an item that more and more people are sharing. Fastest dollar volume growth in the magazine field has been the contribution from the reader. For the first time circulation income exceeded advertising income in 1983, according to the Magazine Publishers Association/ Price Waterhouse financial survey.

SMRB's readers-per-copy analysis showed no surprises among the leading books; although some special interest books shone. Head and shoulders above the whole medium was *Popular HotRodding* with 11 rpc's. *GoodHousekeeping*'s 4.03 rpc's continued to raise its audience standing above its circulation standing in the big women's books, which were all in the two rpc's area. *Business Week* (6.04) stood out against *Forbes* (3.59) and *Fortune* (4.62).

All three newsweeklies had good passalong, with *Newsweek* again outpassing *Time* which has more subscribers to begin with. Interestingly, newsweekly readership is evenly divided between men and women, at least where *Time* and *Newsweek* are concerned. Only at *U.S. News & World Report* do the men outnumber the women almost two to one.

The expected reader favorites ran true to form. *People* had 7.96 rpc's; *Life* 7.11; and in the black market *Jet* had 7.74. Special interest standouts were *Sports Afield* (6.90); *Cycle World* (6.80); *Gentlemen's Quarterly* (6.26).

How many made rate base in 1983?

Although the media planner works with total audience figures, clients usually insist that the agency keep its eye on one ABC number: the circulation guarantee or rate base. Both Doyle Dane Bernbach and Warwick Advertising, who share a major account, tell us they check every single issue in which that client's ad appears, and if any one ad fails to achieve its promised circulation, they ask for and receive an adjustment in the form of additional space.

Of the 128 magazines in ABC's five-year-trend report, all but six base their rates on an average circulation guarantee over the six-month audit period. The exceptions are the two bridal books that have a paid circulation turnover, and some fast-growing special interest books like *Shape* and *Muscle & Fitness*, whose circulations, mostly single copy, are hard to estimate.

Of the 120 magazines putting their

Continued on page 154

guarantee on the line, all but 19 made it in 1983. These included several books whose circulation shortfalls and rebates have been in the news, such as *Grit, Nation's Business* and *Us*. It also included some of the fastest growing books such as *Inc.* and *Prevention*, as well as *Food & Wine*, which were a bit too optimistic in predicting their circulation growth.

However, ABC's Fas Fax for the first half of 1984 show all but three of the 1983 shortfall-ers now exceeding their rate base. These are *Grit, Saturday Evening Post* and *Us*.

Debbie Solomon, who follows print media for Leo Burnett, points out that there are also a number of magazines delivering sizeable bonuses over rate basc. The ABC report shows a 1983 bonus of 661,000 for *Cosmopolitan* and 368,000 for *Reader's Digest*. Magazine Publishers Association added up all the magazines in the report and claims over the five years, magazines delivered 539 million bonus copies, or an average of 3.3% over rate base.

Six months or issue by issue?

Through the years, publishers have guaranteed their six-month averages because traditionally magazines have been regarded as a sustained-campaign medium. But advertisers today who are scheduling short flights or one-shot promotions are looking at the issue-by-issue variations in the ABC statement.

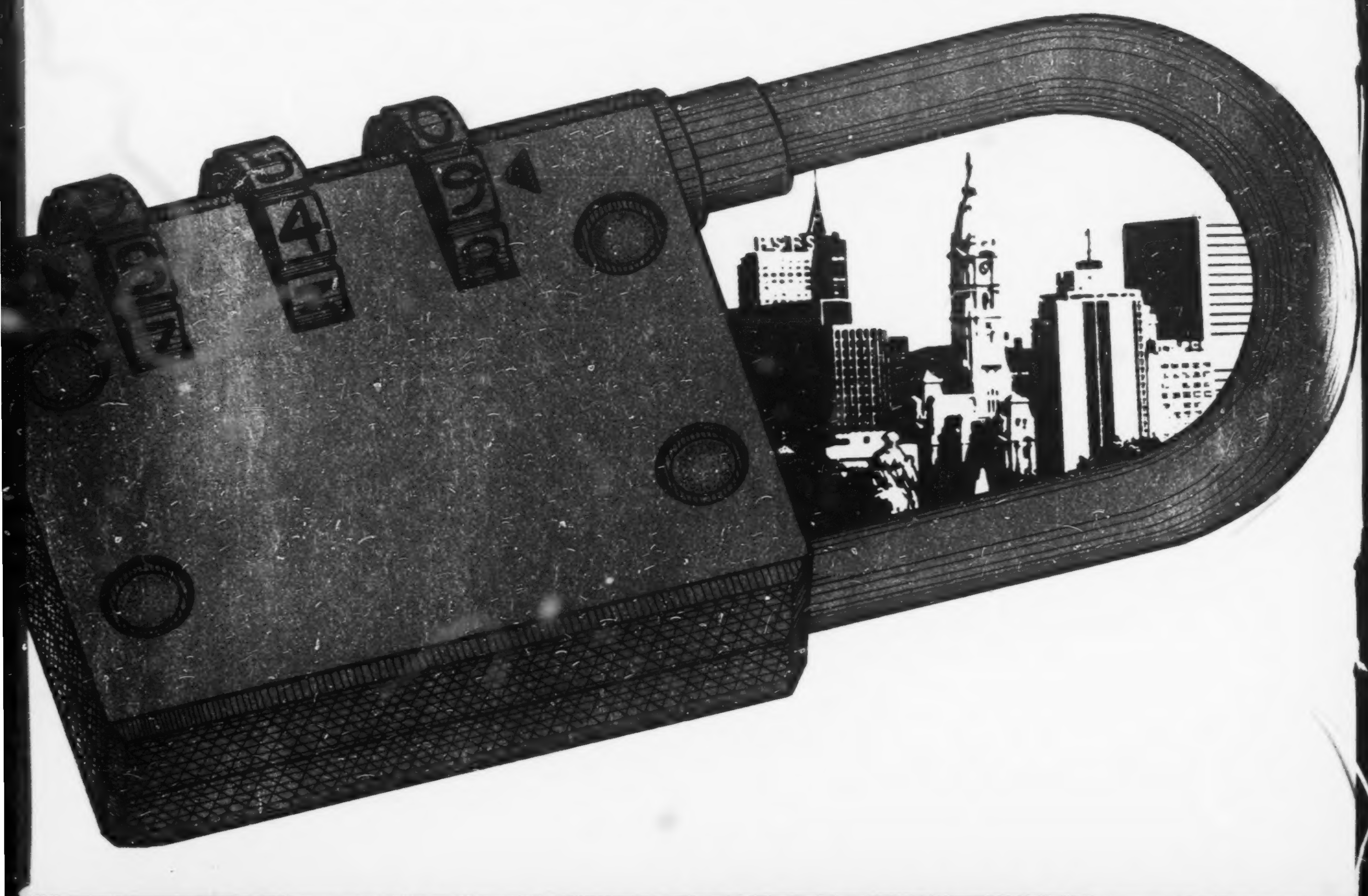
The problem depends largely on the percentage of single-copy sales in a magazine's circulation. *Better Homes & Gardens*, with 92.9% subscriptions, can count on a stable circulation month after month. Subscriptions account for over 70% of all circulation, so the problem is concentrated in just a few books with heavy newsstand circulation.

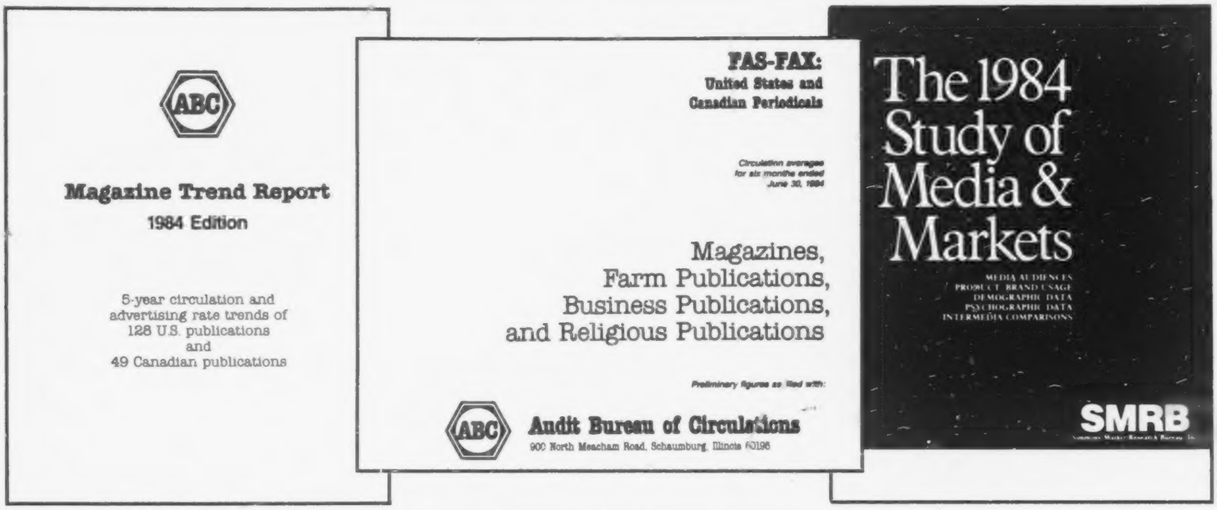
> **"Of 120 leading magazines, all but 19 made — or exceeded — their rate base in 1983. In 1984's first half year all but three closed the gap."**

The two store books, *Family Circle* and *Woman's Day*, which are practically all newsstand, have been addressing this situation since the 1970s. Their circulations peak in the fall pre-holiday months, fall off in the "morning after" month of January, and again in the summer vacation months.

Family Circle, which now publishes 17 issues, has set four rate bases, ranging from 6.8 million for the first January issue to 8 million for October through December. *Woman's Day*'s 15 issues carry three rate bases, ranging from 6.8 million for the summer months and first January issue to 7.2 million for the busy fall season.

People magazine is in the most challenging position of all. Time Incorporated launched this book as 100% newsstand with just seven on-sale days to achieve its circulation. With a fickle newsstand buyer who judges a magazine by its cover face, *People* has gradually built 37% subscriptions, but still has a volatile circulation. *People* was the first magazine to announce an





ABC

Magazine Trend Report

1984 Edition

5-year circulation and
advertising rate trends of
128 U.S. publications
and
49 Canadian publications

FAS-FAX:
United States and
Canadian Periodicals

Circulation averages
for six months ended
June 30, 1984

Magazines,
Farm Publications,
Business Publications,
and Religious Publications

Preliminary figures as filed with:

ABC **Audit Bureau of Circulations**
900 North Meacham Road, Schaumburg, Illinois 60195

The 1984
Study of
Media &
Markets

MEDIA AUDIENCES
PRODUCT BRAND USAGE
DEMOGRAPHIC DATA
PSYCHOGRAPHIC DATA
INTERMEDIA COMPARISONS

SMRB

"IBIT" rate base policy. This "issue-by-issue taily" allows an advertiser to average the circulations of the specific issues he has used against the rate base. If there's a shortfall, the advertiser gets a credit to be used for future space purchases.

As the designers of IBIT moved into other Time Incorporated magazines, the same guarantee showed up at *Sports Illustrated* and *Time*. Several monthlies now also offer similar guarantees: *Reader's Digest*, *Better Homes & Gardens*, *Parents*, *Ladies' Home Journal*, *Young Miss* and *Discover*. With the stability of subscriptions and with 30 days to sell the copies put on the stands, monthly books aren't risking too much with IBIT offers.

Doyle Dane's Paul Zuckerman expresses the agency attitude: "Sure, these IBIT magazines are mostly the safe ones. Even with *People*, we've collected at times but the amounts were insignificant. But the important thing is that they came forward to us to recognize a potential problem. We don't have to go to them and use our clout if anything falls short."

Lionel Kaufman

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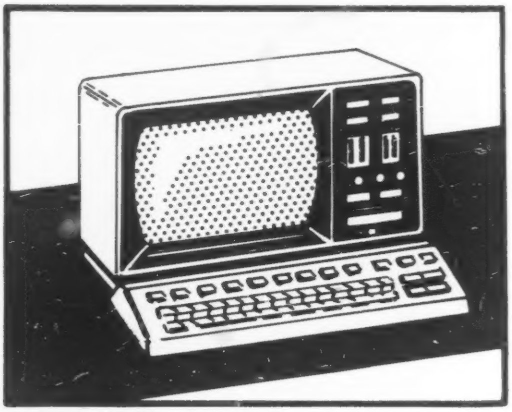
SOURCE: ABC Audit Reports for 12 months ended March 31, 1983.



Brand report 103:
Personal computers

Homing in on business market

The personal computer manufacturers focus on the businessman, in Fortune 2000 companies down the line to small business. But marketing tactics still rely too much on technical details, instead of business needs.

Personal computer marketers are intensifying their already hot pursuit of the business community. Disappointing results in the home market — 3.2 million sold there in 1983, instead of an optimistic 5 to 6 million — have warded off all but a hardy few, and redirected the focus to corporate America. Yet this business target is only deceptively familiar: unlike the enthusiasts and serious business users who were the first to computerize and currently represent a 10% penetration level, this third tier is only just beginning to see the business applications proferred by a personal computer. This more reluctant business buyer spans the range of corporate structures, from the Fortune 2000 organizations to the 14 million small businessmen who operate out of their homes. In larger corporations, the best prospects are with middle and upper management who will use the personal computer to perform complex business configurations more quickly and efficiently, rather than clerical data processing departments, which are pretty well equipment saturated.

The computer manufacturers are poised for this change in the market. Unsophisticated as this customer is at computer specificities, he is well aware of his business needs, and is eager to learn how the personal computer can help solve business problems. Unfortunately, too many marketers still favor the technical, jargon-ridden approach more comprehensible to technocrats, and are having trouble tapping into this market.

Despite this lag in tactics, the manufacturers are aware that their target has broadened — loosely defining it as "business and professional," "Fortune 2000," or "small businesses." Accordingly, they have spread the media dollars more widely into general interest business publications and, especially, into television. All this costs money, and companies are emptying their pockets: in 1983 the leading spenders in the category already averaged $10.8 million in television. But for the first quarter of 1984 alone — the slowest season — the 10 leading television advertisers had already put an average $4 million behind their products. Predominantly business-oriented companies like IBM, Hewlett-Packard, and Wang placed high on this list, as did companies such as Commodore, with a 27% share of the home market. The latter steadfastly maintains that there is still strong penetration potential in the home segment, as does Apple, which is seeking to obtain greater share.

Yet some analysts find the advertising figures a more accurate gauge of a company's aggressive stance toward competitors, rather than a sensitivity to

1983 Advertising expenditures, personal computer manufacturers

Company	Total	Mags	Supps	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Newspapers
Apple	$24,911.0	$ 7,041.0	—	$11,185.2	$1,488.9	—	$ 17.6	$55.5	$5,122.8
Compaq	613.4	464.1	$ 37.6	—	—	—	—	—	111.7
Hewlett-Packard	9,761.6	3,527.4	—	—	2,327.0	—	350.0	—	3,831.6
IBM	45,177.2	10,904.1	387.7	26,693.7	4,798.5	$507.2	52.7	20.4	2,330.0
T/RS	16,652.0	2,564.6	—	12,877.7	9.7	—	1,200.0	—	—

Source: LNA, RAB, NAB.

the target audience. Indeed, advertising budgets for some of the field's smaller companies have doubled and even quadrupled over the past year. One Wall Street analyst, who insists on remaining anonymous, notes that one of Apple's cleverest moves was the much-publicized announcement of a $100 million ad budget for 1984. This monumental figure, he explains, is calculated to make competitors quake at the prospect of joining such an uneven battle. "It's to Apple's advantage to raise the ante," he points out. "As their ad costs remain a pretty fixed proportion of revenues, the game gets smaller and smaller."

Another part of the marketing mix getting a boost is the companies' relationship with dealers. Despite the growth in value-added resellers — middlemen who will modify existing products to suit a company's specific needs — the dealer remains an important link in reaching the corporate client. About 70% of the buying decisions and more than 60% of corporate sales are made by the local dealer. In the wake of price adjustments, some marketers have countered by increasing dealer incentives and even supporting them with co-operative ad dollars. Another reason dealers have become more important is that the new business prospect's buying habits are different from those of his savvier counterpart. Explains James Edgette, marketing vice president for Entré Computer Centers, a national chain which sells networks, "We're dealing with a consumer who knows that buying a computer is something he must do. The sophistication of that buyer isn't increasing," he says. "But his realization that there is a right way and a wrong way to buy a computer is."

That right way, he continues, is to find the system suited to specific business needs — and the wrong way is to be swept away by electronics alone. To reach this mass of truly first time users, most analysts agree, the personal computer companies will have to steer clear of technical descriptions and analyze business' needs.

Just as business marketers are shifting their strategy, so too must the home computer manufacturers who have dwindled in number as the marketplace failed to live up to expectations and became chaotic. Up to now the industry's main tack has been to play on parents' fear that, "The kid who doesn't have a computer will be left behind," as one analyst puts it. This approach has not been universally convincing, as Joan Grim of Dataquest, the computer market research firm, explains. Among the 90.6% of households not owning computers, the most frequently cited reason is "don't need one." With the nation's demographics showing fewer school-age children, and the computer makers lack of another compelling buying reason, home sales have slackened.

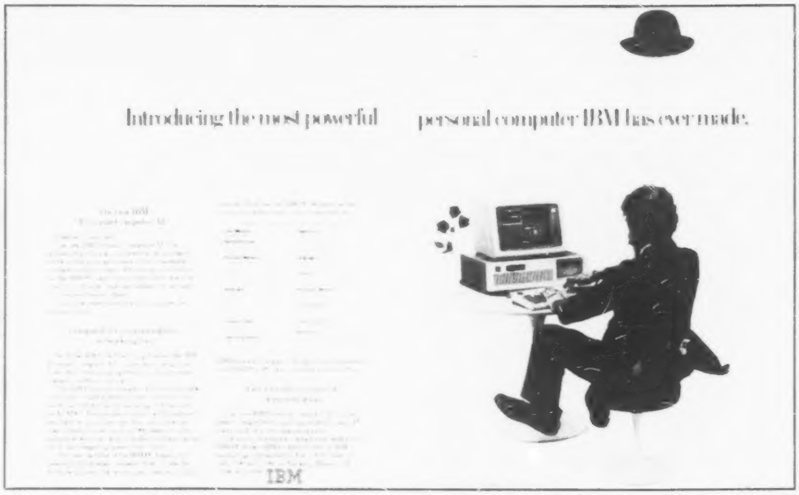
Then, too, some computer companies were slower to understand that video games alone could not sell machines priced as high as $1000. Within a year of each other, two major forces in the home market have shown the rest of the industry the perils of marketing errors in this segment: Texas Instruments' complete withdrawal, after losses in the millions, was accompanied by product dumping, while ever-escalating losses at Atari found Warner ready to just about give its unlucky subsidiary away. Some analysts, as a result, say the future of the home market is murky: Most computers are still too expensive for the mass of Americans, who are dissatisfied at the limited applications of recipe-filing or checkbook-balancing.

If there is a home market at all, says Jack Godler of *Computer Advertising News*, it will be in home education applications, below the $500 price point — where 67% of home computer sales are made. It is this selling point that has fueled the efforts of the remaining manufacturers. Coleco, the toy company which last year baffled analysts and dismayed retailers with wildly divergent announced delivery schedules and actual shipments for its new Adam computer, is having another go with the model, which comes complete with printer. A revamped marketing operation supports a $15 million spot television budget for the home machine, targeted at middle-income households. The refitted approach leans heavily on a home education theme: The Adam program promises buyers a $500 scholarship toward college.

Likewise, Commodore shows no signs of abandoning an underpricing strategy that has outsmarted all rivals: the "all-purpose home machine," explains a company spokesman, is priced under $200. With new higher priced models in the works, the company is hoping to broaden its base into the work-at-home business market. The company is still tangling with Atari, its most persistent rival. The former Warner Communications subsidiary, recently taken over by aggressive ex-Commodore president Jack Tramiel, is still pugnacious, despite problems ranging from a lack of products and profitability as well as a management once again in the throes of shakeup. Tramiel has trimmed his company to a skeletal staff and cut into advertising plans as well. Significantly, he has lowered the price of the 800XL home computer from $300 to a competitive level with Commodore's $200 64 model. Despite announcements of a forthcoming product line, some analysts see Tramiel's position as a gamble that may take more than a year to show any returns.

IBM

International Business Machines (IBM) maintains the number one position it wrestled away from Apple in 1983, with a 36% share of shipments in 1983 (25.3% worldwide). The company splits its marketing tactics into a two-pronged strategy. The company's highest share is in large organizations, according to International Resource Development (IRD), the Norwalk, CT-based research firm, which defines this segment as companies with more than 100 employees. There, IRD projects IBM will sell at least 50% of the 1.8 million personal computers large organizations will buy in 1984. A direct sales force concentrates on this most coveted segment of the business market, where individual sales are likely to be larger and more profitable.


Introducing the most powerful personal computer IBM has ever made.

IBM

IBM's personal computers — the original PC, the XT, PCjr, and now the AT — are designed to snare customers beyond those likely to have an IBM mainframe. Accordingly, IBM's advertising is geared to catch the small businessmen and middle-level professionals who are projected to be the buyers of 1.1 million PC's. Last year, IBM spent half its + $65 million advertising budget on television, and another $27 million on business publications. The familiar Chaplinesque figure has been kept as an umbrella for the entire PC line, this year to the tune of $100 million.

Not all IBM's offerings have met with equal success. When the company introduced its PCjr model, a personal computer IBM hoped would find a reception in the home as well as office because of its $999 price point, almost

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Source: AAMS, April 1984 Subscriber Study. Complete Copy available upon request

KIWANIS magazine's audience of top executive, small business and professional decision-makers are not reached by the other small business publications. Only 3.8% of our readers read Inc. magazine. Only 1.5% of them read Venture. Nation's Business reaches just 9.2% of KIWANIS magazine's readers.

KIWANIS magazine not only reaches this exclusive, quality audience of small business leaders, but we do it extremely efficiently. Compare us by cost per thousand paid circulation, by CPM readers, professional/managerial, actual purchasing decision-makers for business, etc. with any publication offering a similar quality business audience. Our CPM-paid circulation for P4-CB is $14.54. Inc.'s is $63.05, Venture's is $56.36, and Nation's Business is $28.38. (Source: SRDS, April 27, 1984)

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all found fault with a smaller than expected memory capacity and a childlike keyboard. IBM, eager to show flexibility, was quick to react: Expanded memory and a new keyboard quickly replaced the original. Similarly, the company found it needed to work more closely with its dealers. Where IBM had felt no need to market its products to dealers eager to get their hands on a sure-fire IBM hit, the unfavorable reception of the PCjr taught the company that it could not overlook its distribution channels.

Increased advertising support to cover the current introduction of the PC AT has ushered in a new era of closer ties with dealers. This group is being offered the $6,300 machine for a meager $2,500. Part of IBM's courtship is to soften the blow of 20% price cuts designed to make the machines more attractive to consumers. Although the cuts could cut into dealers' margins, Entré's Jim Edgette points out such adjustments are to be expected. "As new products are introduced," he explains, "the more mature technology is always priced accordingly." The fact remains that IBM's price cuts covered the current personal computer line, a move some analysts think IBM will repeat if this round doesn't discourage the competition enough. "There is no profit margin left for some of the compatibles to cut into," says Evan Moltz, director of micro services at International Data Corp. (IDC). "The companies with smaller shares of the market, with strictly IBM-compatible products, are going to start moving into the security of a Chapter 11."

IBM continues to blanket all media with the Charlie Chaplin character, whose ubiquitousness reflects IBM's stated strategy of "no specific target audience," for its PC line. Meanwhile, the company hopes to boost sales of the PCjr with a direct mail campaign targeted to 18 million potential consumers and has also entered into an agreement with P&G for a tandem sweepstakes. The company is also hoping that the revamped model will spur penetration in one market, where IBM has not, so far, been as aggressive as some of its competitors — the education system. IBM has a 21% share of the college market — some 3,000 institutions in the U.S. — but has only secured a 5% share of elementary and high schools.

The new AT model shares the Chaplin character's limelight, to the bewilderment of some. The AT, priced between $4,800 and $6,300, compared with the PC XT for $4,400 or the newly priced PC at $1,995, is more like the prototype of a serious business multi-user network than a simple extension of the personal computer family. The top-of-the-line model can link as many as three users, which, says a company spokesman, is the reason for the small business target. Most analysts, however, prefer to see this new computer as "the bottom end of the multi-user segment." Some believe that IBM released the model sooner than it would have liked, to get a toe-hold in that

Paste.
And print.

Apple cornered the 'user-friendly' positioning with multiple page inserts that explain how easy the new MacIntosh is to use.

multi-user segment before introducing a more powerful model next year. Others fear that the AT will drive the XT and PC to an early grave, since the AT is not much more expensive.

Apple

The Cupertino, California-based innovator saw total market share slip to 24% of 1983 shipments from 11.2% in 1981, due to the renewed onslaught by IBM as well as the persistent presence of IBM compatibles. Unlike IBM, however, Apple has been more adept at penetrating other markets, balancing its commitment to the business and professional community with continuing attention to the home and education markets. Indeed, Apple's installed base of 200,000 personal computers, almost all in the II family, places Apple well in the lead in elementary and high schools with a 50% chunk of the market. Though Apple had not originally aimed toward the home market, the success of $1,300 models in the Apple II family convinces the company otherwise. Apple's 11% share in the home ranks it third, behind Commodore and Texas Instruments, which fire saled its products for as little as $50 when it abandoned the computer market last year.

Like IBM, Apple has been spending aggressively, though estimates of the total budget vary. Jack Godler of *Computer Advertising News* says that he is disappointed at the low volume of computer advertising he has seen so far this year, and he wonders whether Apple will really spend $100 million on ads or come in closer to the $35 million budget he is actually measuring currently. Indeed, he says the company spent only $6 million on television in the first quarter, including the futuristic spot introducing the $2,495 MacIntosh.

Director of marketing communications Jean Richardson is quick to point out that television expenditures tell only half the story — a tale Apple has spread widely with multiple-page inserts in general interest business publications, newsweeklies, and even *Sports Illustrated* and *People*. Apple has also used newspapers and, for promotions such as this fall's "Back to

He's part of Tulsa's affluent. And he looks for ways to spend his money in the Tulsa papers.

With one insertion of your ad in the morning Tulsa World and the evening Tulsa Tribune, you can reach Tulsa's MSA, where over half the readers have incomes of $25,000 or more.

Give Tulsa's big spenders something to spend their money on, through the medium where a prospering Tulsa looks to buy.

SOURCE: Belden CMS

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School," radio. "We have to have a major presence in all media," she says. Spending, Richardson adds, is to be evenly split between the Mac and the II family.

Much of Apple's particular media mix — especially the heavy use of print — is a reaction to changing consumer buying habits. While the company is courting the more reluctant first-time buyer, the earliest Apple customers continue to trade up: 50% of Mac buyers were previous computer owners. But that first-time buyer, says Richardson, is definitely a harder sell: "That next tier isn't enthralled with the technology — but has a specific need. We give them more information because they are people who want to know a lot." Hence, she stresses, the long story Apple tells in its print inserts for the Mac, as well as the II family, including the new IIc portable.

One current weak spot for Apple is the paucity of business application software for its imaginative Mac machine. There is a wide range of programs available for the rival IBM PC's. "Mac's cute, and it's user-friendly," says Liz Merton of the Gartner Group, "but what is its corporate utility?" Some programs for the Mac, designed by Microsoft, have come out this spring, but the long-awaited word processing program has been delayed past its original September schedule.

POPULAR TRS-80 COLOR COMPUTER 2
A TRS-80® Color Computer 2 Makes Learning Child's Play
119⁹⁵
159⁹⁵
Introducing the TRS-80 Touch Pad for Graphics
59⁹⁵
Start Computing Today! Economical Color Computer Cassette System
349⁹⁵
Color Upgrade Kits
199⁹⁵
Radio Shack
The Technology Store

Tandy/Radio Shack markets the TRS-80 line of computers to schools, through print ads and catalogues.

The company is not without its share of hardware problems, either. Lisa, the first model Apple introduced with the "mouse," a tabletop cursor, won rave reviews but was not able to capitalize on the momentum of its introduction due to shipping delays. Its sales have been a disappointment. Apple is now in the process of modifying its relations with dealers. Originally, the company had set up a network of national representatives to train the dealers, a system some observers felt diluted Apple's own influence over the dealers. As of October, the company had disbanded this network, because "it was not an efficient way to train dealers," according to Richardson.

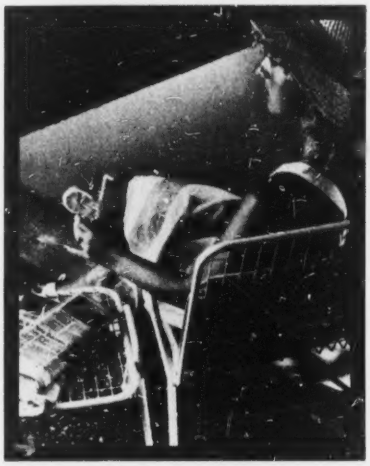
Tandy/Radio Shack

Third in the market with an installed base of 8% in the U.S. (10% worldwide) in the business and professional segment, and about 10% in homes, Radio Shack has, however, seen its share of shipments slip from 14.2% in 1981 to 4.6% last year, according to figures compiled by Dataquest. Part of the problem rests with the company's unique national network of stores. The outlets, which originally carried home electronics products under the company's brand name, now see 35% of sales volume coming from the entire TRS-80 line of computers. But the stores have not been as effective for selling computers as they were for moving stereos. Part of the reason is that computer buyers like to comparison shop — an impossibility in outlets that carry a single line. And computer buyers also look for a reassuring level of information and knowledge from their dealers some observers say they

She's worth a pretty penny. She's part of the high per capita income MSA that makes up Tulsa.

So if you're interested in advertising to Tulsa's big spenders, run in the Tulsa papers — the morning Tulsa World and the evening Tulsa Tribune. And to get a more-than-fair response, don't forget to include Tulsa's fair sex in your ads' target audiences.

Do Tulsa's women a favor. Give them something worth spending their worth on, through the medium where a prospering Tulsa looks to buy.


Take her for all she's worth.

TULSA WORLD The Tulsa Tribune

Two independently and separately owned newspapers represented nationally by Branham.
Contact agent, Newspaper Printing Corporation at 315 South Boulder, Tulsa, OK 74103,
918 581-8510

haven't found in Tandy stores.

"Their market share is slipping worldwide," says Norm Dewitt of Dataquest, "partly because their sales force's solution to a problem with the computer is to suggest that you buy more Radio Shack products. And most people also shop in several stores — when the other chains are carrying a variety of products, it's more difficult to sell only your one brand."

Tandy is trying to change its tune by organizing a technically trained sales staff to seek out business — in sharp contrast to in-store personnel whose training is a minimal 100 hours. Yet the company still puts most of its media budget — 9% of computer sales or $85 million according to Radio Shack president Bernard Appel, but estimated by others to be half that — into television.

One area where Tandy has been a little more on target is education, where the company has garnered a 22% of schools and 13% of colleges.

Hewlett-Packard

IT'S A SMALL MIRACLE HOW HEWLETT-PACKARD PUT 656K OF MEMORY, LOTUS 1-2-3, WORD PROCESSING, A TELECOMMUNICATIONS MODEM AND COMPLETE IBM CONNECTABILITY INTO
A 9-POUND COMPUTER.
THE PORTABLE.
HEWLETT PACKARD

Hewlett-Packard, long known as a company of engineers designing products for engineers, is emerging from its cocoon. The company has been one of the computer industry's strongest niche players with its strong share of the scientific community. A disappointing 4% overall share, however, has led the company to widen its sights, a move set off by a recent marketing overhaul. Hewlett-Packard is gearing up to market its product line, from the portable PC to the touch-screen HP 150, to the broad spread of American business.

One sure target are the large companies that have traditionally been a good prospect for H-P. But they also see the small business market as untapped. A $35 million advertising campaign is targeted at middle and upper management — up from about $5 million just two years ago. Last year's estimated $15 million went almost entirely into business publications. Not so this year — Hewlett-Packard wants to make sure that its "broad message" is widely heard. First-quarter expenditures of $3.6 million outstripped last year's total expenditures by 56%. Increased commitments to television are matched with more advertising in newsweeklies and general interest business press.

Advertising manager Bill Copeland admits the personal computer is getting more attention than it has in the past, and not only with increased advertising support. For the first time, Hewlett-Packard has combined its two distinct sales forces for the instruments and computer divisions. The goal, is to present an integrated line of H-P products.

Even though the company is reversing its long-standing strategy of playing to the niche it knows best, observers feel Hewlett-Packard's success in the scientific market will stand it in good stead for the new marketing orientation. As Ed White, an analyst with Salomon Brothers, explains, "Their experience with niche playing allows them to be flexible — to offer solutions to specific requirements."

Not everyone agrees. Jack Godler of *Computer Advertising Age*, points out that "each type of sale is some form of an individual sale."

Compaq

Newly settled into Houston headquarters, Compaq Computer Corp., the leading portable IBM compatible, is trying to increase its 4.5% of the market with a new line of desk-top computers, the Deskpro. Because Compaq sells uniquely through dealers, the company is working at staying on good terms with this group with packages and dealer incentives. While many independent dealers rely on the IBM PC line for as much as 60% of their sales, says IDC's Evan Moltz, many are also

He's got money to burn. He's part of Tulsa's MSA, where household income keeps on gushing higher than the nation's average.

He's got oil kinds of money to spend.

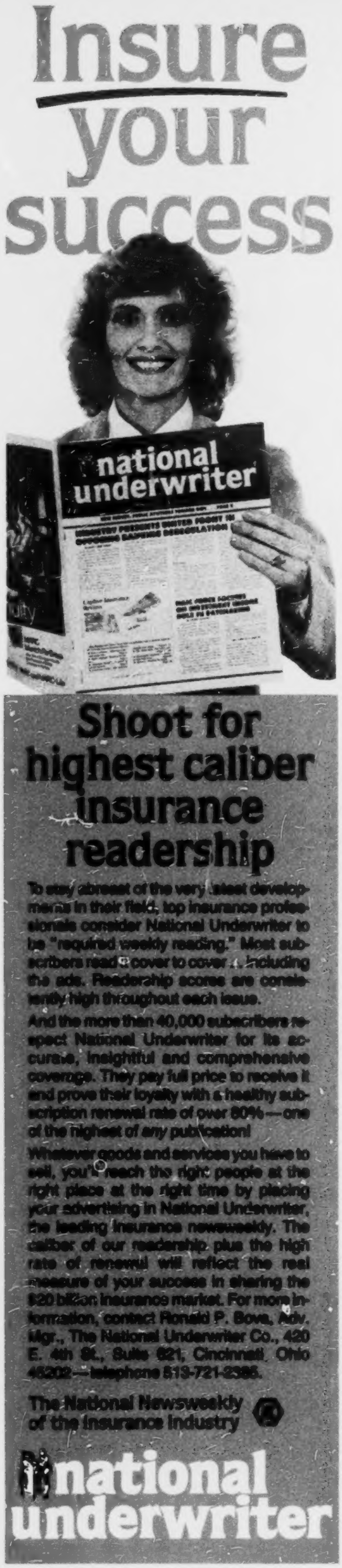
And you can reach Tulsa's affluent by running in the morning Tulsa World and the evening Tulsa Tribune. In fact, one insertion delivers unduplicated adult readership of 283,000 in the Tulsa MSA.

Don't let Tulsans' money burn holes in their pockets. Give them something to buy, through the medium where a prospering Tulsa looks to buy.

SOURCE: Belden CMS

TULSA WORLD **The Tulsa Tribune**

Two independently and separately owned newspapers represented nationally by Branham. Contact agent, Newspaper Printing Corporation at 315 South Boulder, Tulsa, OK 74103, 918 581-8510


Insure your success

national underwriter

Shoot for highest caliber insurance readership

To stay abreast of the very latest developments in their field, top insurance professionals consider National Underwriter to be "required weekly reading." Most subscribers read it cover to cover ... including the ads. Readership scores are consistently high throughout each issue.

And the more than 40,000 subscribers respect National Underwriter for its accurate, insightful and comprehensive coverage. They pay full price to receive it and prove their loyalty with a healthy subscription renewal rate of over 80% — one of the highest of any publication!

Whatever goods and services you have to sell, you'll reach the right people at the right place at the right time by placing your advertising in National Underwriter, the leading insurance newsweekly. The caliber of our readership plus the high rate of renewal will reflect the real measure of your success in sharing the $20 billion insurance market. For more information, contact Ronald P. Bova, Adv. Mgr., The National Underwriter Co., 420 E. 4th St., Suite 621, Cincinnati, Ohio 45202 — telephone 513-721-2386.

The National Newsweekly
of the Insurance Industry

national underwriter

looking for alternatives — which places Compaq in the catbird seat.

Compaq earned its place in history by becoming the first company to hit $111 million in sales in its first year — and was already past the $128 million mark by mid-year, a sign to many analysts that the company will weather IBM's price cuts better than most. The company isn't shy about spending some of that money: advertising is set at the $20 million mark, much of that behind Compaq's Deskpro series which competes with AT&T and IBM. The company is moving out of enthusiast and general interest newsweeklies and business publications for the first time this year, with net tv scheduled for the second half of the year.

"All our advertising," says spokesman Ken Price, "is pull-through, to get users into the dealers. The key to our success has been the dealer philosophy: establishing a solid base for the long-term and avoiding a conflict of channels that can lead to price erosion."

The company also prides itself on "true" compatibility which, explains Price, goes beyond compatibility with IBM's PC family. Where IBM's XT, PC and PCjr models aren't perfectly compatible with one another, Compaq's models are not only an accurate substitute for the industry standard but are also "progressive" so a user can easily trade up to the next since the whole line is internally compatible.

All this activity in the personal computer industry notwithstanding, some analysts wonder whether the PC itself is not becoming obsolete — in favor of some more powerful, more business-tailored technology. IBM's AT model, says Evan Moltz at IDC, "has completely changed the picture. While its niche is the small business marketplace, it is popularizing the idea of multi-users, of a network for medium and large size organizations to share expensive peripherals. It may redefine what a personal computer is."

Matt Mehan of Salomon Brothers sees selling tactics changing as well, with an emphasis on the corporation as a whole rather than the department. The companies, he says "are trying to sell a whole system, a network with tie-ins." Along these same lines is the growing link between the computer industry and telecommunications, where AT&T, still fresh to the computer market, is establishing its stronghold. The AT&T personal computer is one of many products the communications giant announced several months ago.

The target for AT&T's personal computer, says marketing manager Stu Mencher, is a multiple one: small businesses, either first time or additional unit buyers; larger organizations making a repeat purchase; and Fortune 2000 corporations seeking to use the personal computer in a multi-user environment. Like IBM, AT&T has set up several channels of distribution. A sales force reaches the larger organizations while contracts with 600 of an anticipated 900 "computer specific dealers" across the country cover the small businessman.

AT&T is marketing its personal computer in two distinct ways: as an integral system for the smaller buyer, and as an entry level product for clients the company hopes to sell its larger telecommunications and computer products to. "The personal computer," says Mencher, "is an entry into the data processing side. The next step is integrating with the Information System Network," a local area network that uses existing phone wires to connect individual units. To link these units, AT&T has come up with UNIX, an operating system already used in many colleges. "Our future," says Mencher, "is tied to UNIX."

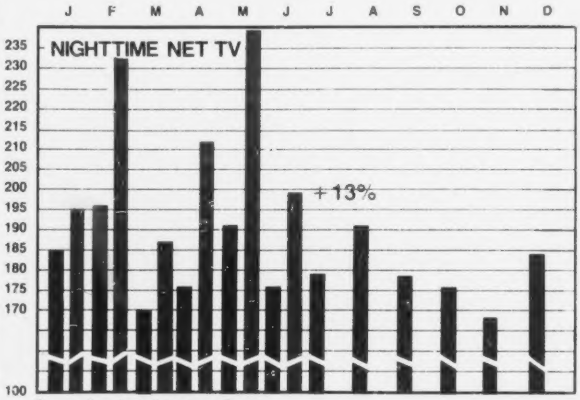
AT&T's advertising support for the personal computer is as thorough as the product line behind it. Television supports the entire product line announcement, made in July, with some spots, themed "the computer game," specific to the personal computer. In addition, AT&T is using radio, business press, co-op advertising with the dealers, and an 800 number. "We plan to continue the television advertising after the introductory phase, especially for the personal computer," comments Mencher.

AT&T's strategy is built around a future of voice/data integration. But whether the industry moves toward a new standard of networks or telecommunications, comments Ken Price of Compaq, the rules for survival will stay the same: "Keep your eyes on the road and watch the rear view mirror."

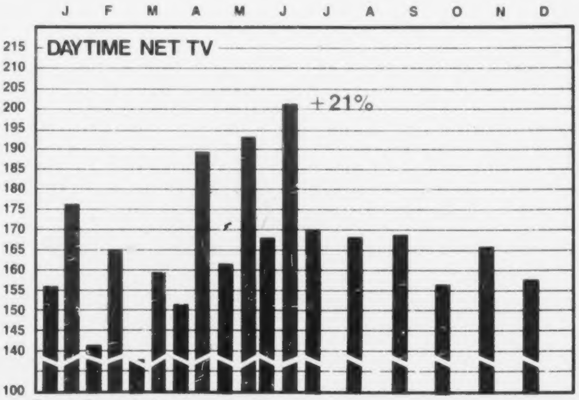
Laura Konrad Jereski

MEDIA COST INDEX

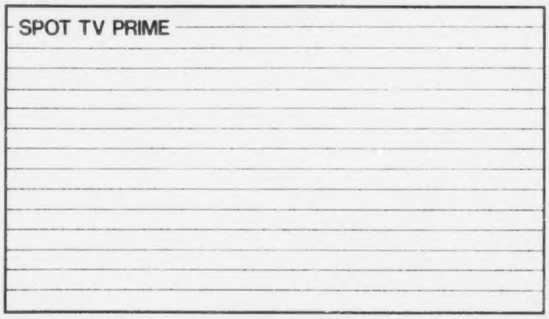
Black bars index for 1983; color bars 1984; base year 1977


NIGHTTIME NET TV

Source: Broadcast Advertisers Reports


DAYTIME NET TV

Source: Broadcast Advertisers Reports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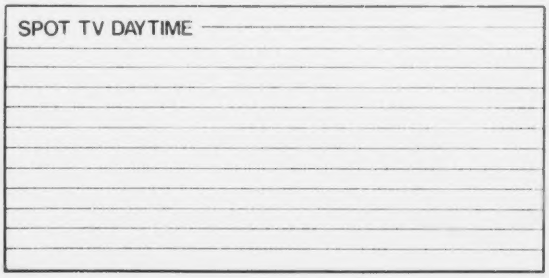
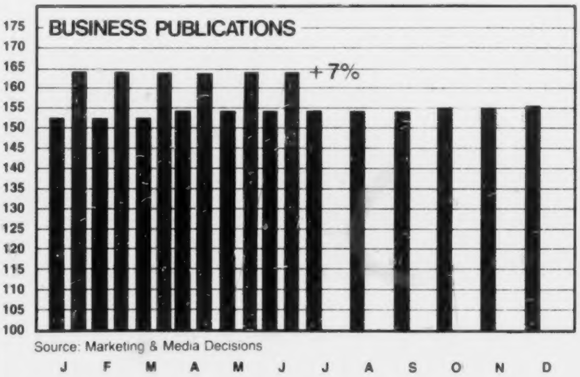

SPOT TV DAYTIME


BUSINESS PUBLICATIONS

Source: Marketing & Media Decisions

At midpoint in the year, cost changes among the media represented in the *Decisions'* cost index show a mixed picture of rate-change activity.

Most print media are trending downward, but **newspapers** are in an upward mode. Now at +11%, the index has trended upward from +9% in January. On the downtrend are: **magazines** — up 7% for June and down from +9% in January; **national Sunday magazines,** now at +17%, are down from a high of +21%; **outdoor,** at +8%, is down from a high of +10% earlier; **business publications** have held at +7%, but they are now entering the new-rate-announcement period.

Network television continues as the most volatile with respect to rate changes. The decernable trend is definitely upward, but the magnitude of the increases changes radically from month to month. **Daytime network** came in at +21% for June, a little below its +25% in April, but well above the low of +12% in January. **Nighttime network,** while definitely up (13% for June), shows a pattern of dramatic variations from month to month.

Network radio continues at or near the zero-change point from last year. This is in contrast to **spot radio** which is up 20% in the first quarter.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

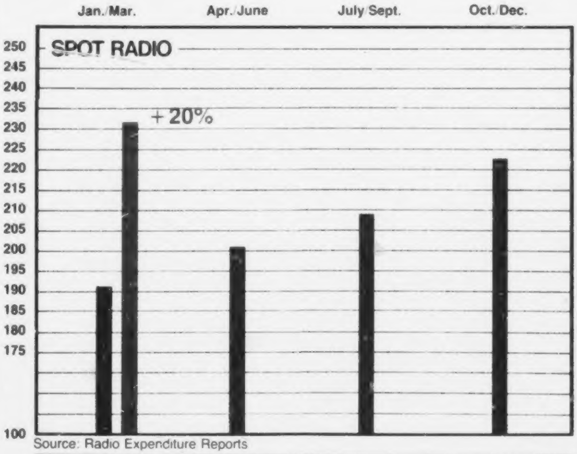
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

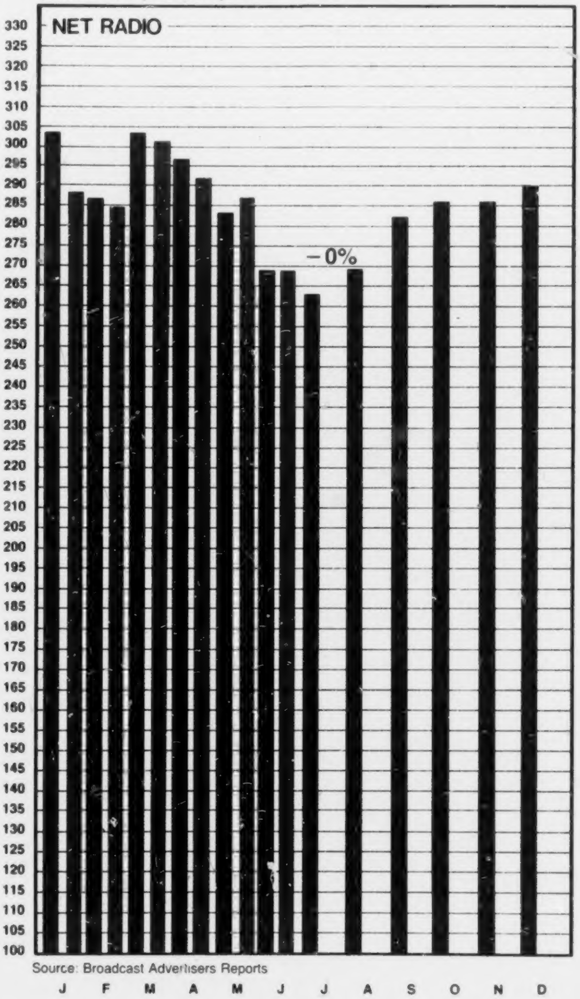
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

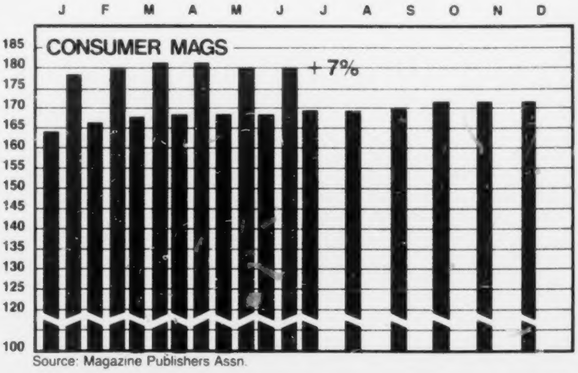
Black bars index for 1983; color bars 1984; base year 1977



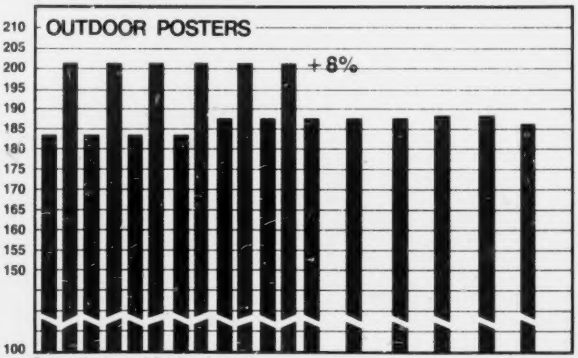
Source: Radio Expenditure Reports



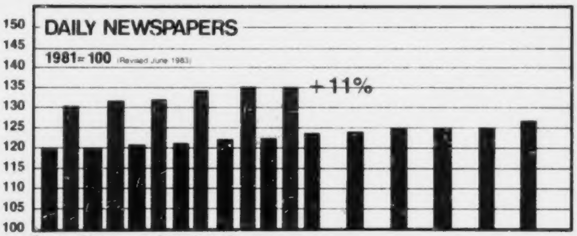
Source: Broadcast Advertisers Reports



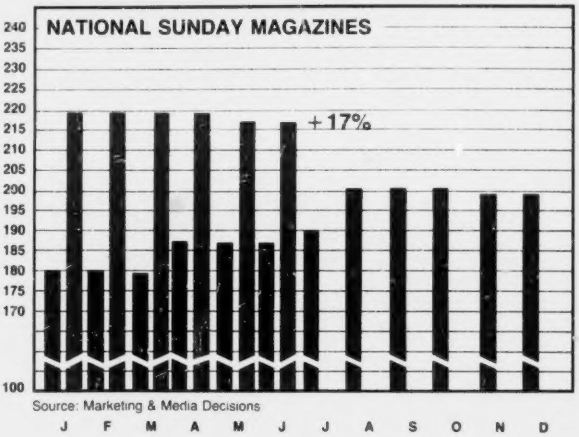
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions